FINANCIALTIMES

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MONDAY APRIL 20 1998



WORLD NEWS

Chinese dissident

Wang Dan released

from jail and flown

Wang Dan, a leader of the 1989

Chinese Tiananmen Square protests, was freed from prison on

medical grounds and exiled to the

China summit in June. But human

rights groups accused Beijing of a

cynical move ahead of the visit of

US president Bill Clinton. Page 4

A European Union-sponsored con-

ference opens in London today to

consider ways of swiftly imple-menting the UN oil-for-food pro-

Austria's Thomas Klastil was re-

elected president for a second

term, according to provisional offi-

cial results put him well ahead of

his nearest rival, Lutheran bishop

Berlusconi picked to head party

Former Italian prime minister Silvio

Berlusconi was elected president

of Forza Italia at the weekend. The

media tycoon founded the political

Eduardo Umaña, a Colombian law

aders, was killed in Bogota on

yer known for defending guerrilla

Saturday by assassins posing as

Journalists. He was the third Col-

ombian human rights activist to be

murdered in two months, Page 2

The All India Anna Dravida Mun-

netra Kazhagam, a key coalition

ally of Indian prime minister Atal

Behari Vajpayee, demanded the removal of three ministers it said

were involved in investigations.

Pakistan corruption law signed

Pakistan's president, Rafiq Tarar, med an anti-contubtion law

under which businessmen could be

jailed for up to seven years if con-

victed of bribing officials to secure

Yemeni tribesmen kidnapped a

British Council official and his fam-

ily as they travelled from Aden to

the capital Sanaa. Kidnapping is

common among Yemeni tribes with

grudges against the government or

Four Zimbabweans dled and 10

more were badly hurt in a stam-

pede for seats at an independence

day soccer metch at the weekend.

Washington backs Cambodia poli

The US joined other western coun-

tries in supporting the Cambodian

now expected to give up to \$7m to

help private agencies support and

Enron of the US has still not given

company and Nepall officials said.

up the idea of participating in a Nepali hydroelectric scheme, the

Enron quit the \$7bn project on

April 9 citing delays in decision-

ment was formed last week.

Changi tops travellers' list

Page 6; Business travel,

Ex-Beatle's wife dies

ment for breast cancer.

making, but a new Nepal govern-

International travellers voted Singa-

pore's Changi their favourite world

airport for the second year running.

American-born Linda McCartney,

US on Friday aged 56, the pop

singer's spokesman said. Mrs

wife of ex-Beatle Paul, died in the

McCartney, who had her own food

company, had been having treat-

monitor the vote. Page 4

Nozel seeks rethink on dam

government's plan for a general election on July 26. Washington is

contracts. Page 4

Britons held in Yemen

foreign all companies.

Soccer stampede kills 4

ne issued to Indian PM

Oli-for-food talks open

gramme in Iraq. Page 6

Gertraud Knoil. Page 2

party in 1994. Page 2

Colombian activist murdered

Austria re-elects president

esions at a US-

US yesterday, a move seen as

into exile in US

Heinrich von Pierer Siemens boss tries to satisfy everybody **Profile, Page 8**



Breaking the ice **New technology** for ships in the Arctic



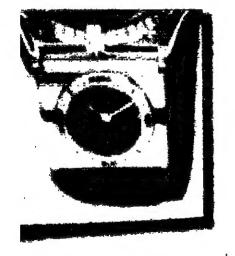
Deregulated power California's experiment with choice in electricity

Business education Consultants fuel buoyant demand for MBAs Survey from page 23

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he race goes on

BUSINESS NEWS

British Steef plans to pay some of its UK, Australian and Brazilian suppliers in euros instead of pounds and dollars. The company receives much of its income in continental European currencies and has been hit exceptionally hard by their decline against the dollar and the pound. Page 14

Leaders of 34 countries in the Americas promised to press ahead with the creation of a common market in goods and services by 2005 that would embrace 750m people. Page 14; Clinton falls to sway doubters, Page 3

British Aerospace and Dassault viation of France are to form a joint venture to develop new tech nology that could be used in their competing combat aircraft, Eurofighter and Rafale. Page 15

The London International Financial Futures and Options Exchange is expected to make radical changes to its structure which could include full demutualisation. Page 16

Martin Ebner, the Swiss financier, has increased his stake in ABB to more than 5 per cent, in a move that could signal his plans to take a more active interest in the international engineering company. Page 15; Observer, Page 13

the UK "vulture fund" manager, hopes to leunch a UK fund in June to target sickly emerging markets investment trusts. Page 16

Evilidado, a private Russian oil group partly owned by two quoted UK companies, is to be floated on the Russian stock market. Page 18

bank, is to release back on to the the state-owned bank in which it has two-thirds control. Page 20

vats and institutional investors. The club will be the first Italian soccer team to offer shares on the stock market. Page 19

Brazil's Superior Tribunal of Justice (STJ) has ruled that the sale of Metropolitana, the largest electricity distribution company in Latin America, was valid. Page 20

Catespiller, US manufacturer of earth-moving equipment, announced record first-quarter results, reporting an after-tax profil of \$430m, up 9 per cent on the same period in 1997. Page 18

NCR, US date warehousing and the 30 per cent of NCR Japan it does not already own. Page 20

of two new stock market indices, index that brokers believe will eventually transplant the existing index. Page 20

Eve Airways, Taiwan's second largest international carrier, suf-

World Equity Markets The latest trends and data from more than 50 estional markets at a glence

British Steel plans to pay suppliers in euros in new drive to cut costs

Progressive Asset Management,

Credit Matuel, French mutuelist Lazio, the Rome soccer club, will

today kick off its roadshow to publicise its offering of shares to pri-

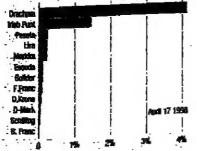
Af6, the US-based international insurance group, has reportedly offered to take over Aoba Life Insurance of Japan. Page 19

computer group, plans to acquire

Hong Kong today sees the launch including a bumper Hang Seng 100

fered foreign exchange losses last year from Asia's currency turmoll, although passenger volume was only lightly affected. Page 19

EMS: GRID



mancies of the exchange rate nactualism measured acadest libb national currency in the systems. prized to Sustanta within 15 per integs sales leaked begins to teach the other members of the medizione Tip exceptions are the Distant and the golder which many -5%

The chart shows the manner .

O THE FINANCIAL TIMES LIMITED 1998 No.33,577

SIONALS .

EU and Arafat in new move to end Mideast deadlock

Israel welcomes setting-up of joint committee on security

By Judy Dempsey in Janusalem

Tony Blair, the British prime minister, will today announce the establishment of a joint European Union-Palestinian security committee at a meeting in Gaza with Yassir Arafat, president of the Palestinian Authority.

The committee is an attempt by the EU, whose rotating presidency is held by Britain, to carve out a role in helping to break the deadlock between Israel and the

Talks between the two sides broke down over a year ago when Israel started building a new Jewish settlement at Har Homa in east Jerusalem. The joint committee to be set

up by the EU and PA will involve the exchange of intelligence, training in counter-terrorism and other aspects of law and order. It follows an earlier agreement with the PA in which the EU provided about Ecu8m (\$8.72m) to improve counter-terrorism techniques in the West Bank and Gaza. Today's announcement by Mr

Blair will come on the latest leg

day he flew from Saudi Arabia to the contentious issue of Israeli Jordan and then to Israel to a troop withdrawals from the West meeting with Benjamin Netan-Bank, the expansion of Jewish meeting with Benjamin Netanyahu. Israel's prime minister.

Last night Mr Netanyahu said he was prepared to "go anywhere and at any time" to advance the

comed the security measures. The EU, repeatedly accused by Israel of being pro-Palestinian, wants to show it is taking Israel's security needs seriously. King Hussein of Jordan urged

the EU yesterday to play a full role in reviving the peace pro-cess. He warned Mr Blair and Miguel Angel Moratinos, the EU's Middle East envoy, who visited Jordan earlier in the day, that the peace process had reached a

"This is the time I believe it can be saved. Otherwise, we will be entering a very dark and dangerous period," the king said. Before travelling to Gaza, Mr

Blair was last night set to focus on Israel's own role in the peace process. In particular, UK and BU officials said Mr Blair was anx- For months, it has justified such jous to raise with Mr Netanyahu a role on the grounds that it is

settlements, and the operation of Gaza International Airport and Gaza Industrial Estate. The latter

are partly financed by EU donors.

Israel has already blamed the Israeli officials yesterday wel- Palestinians for foot dragging on the airport and industrial estate negotiations, accusing the PA of linking any agreements to a sec-ond troop withdrawal. EU diplomats said the new

security committee would allow outsiders to monitor how the PA is combating terrorism, even though EU officials will not sit on Israeli-Palestinian security meetings. "At least it will provide another pair of eyes on the PA's activities," an EU diplomat said. Mr Netanyahu has repeatedly ruled out any Israeli troop withdrawal from the West Bank until

The committee may also give the EU a chance to carve out a limited role in helping to resolve the Israeli-Palestinian conflict.

the PA has cracked down on ter-



Israeli PM Benjamin Netanyahu (left) with UK counterpart Tony Biair

the Palestinians amounted to

The expansion of Jewish settlements, which the EU and the UK have consistently criticised, has

already ruffled feathers between

the biggest donor to the PA. Mr Blair and Ehud Olmert, the Between 1993 and 1997, EU aid to Likud conservative mayor of

Mr Blair, who was officially invited to meet Mr Olmert, refused to do so. Mr Olmert is a staunch defender of Israel's cur-

COMPANIES BELIEVE INCENTIVES AND FEES PAID BY UNDERWRITERS MAY BE A CONFLICT OF INTEREST

Insurance brokers criticised over payments

By Christopher Adams.

The world's biggest commercial turance brokers, J&H Marsh & McLennan and Aon Group of the US, are taking tens of millions of dollars in fees and incentives from insurance underwriters.

Documents obtained by the Financial Times show that payments to brokers can total 10 per cent of underwriting profit on a portfolio of business The practice is believed to be

widespread, not limited to the two US brokers.

Risk managers responsible for buying insurance at some of the vided to the market.

believe the payment of incentives could conflict with their interest in getting the best deal - brokers represent companies in their dealines with underwriters. J&H Marsh & McLennan, based

world's biggest companies

in New York, said payments made by insurers accounted for about 5 per cent of broking revenue, but Gary Gatewood, head of the global broking division, said there was no conflict of interest. He said it received volume-

based incentives from underwriters in recognition of distribution, spending on technology and claims-handling services pro-

The group said the agreements with insurers, which were drawn up by a different part of the group to that which dealt with clients, applied to books of business and not to specific trans-

Ron Forrest, senior executive of Aon, which is based in Chicago, said many underwriters were eager to pay financial inducements, but that brokers often refused offers from underwriters because they were not in clients' interests.

Brokers act on behalf of companies buying insurance, representing their interests with underwriters who insure risk. They

typically agree with clients a fee for any service they provide or take a commission out of the premium earned by insurers. Some underwriters say brokers have been pressing them to pay

for access to business. Many insurance buyers have found it difficult to get details of

"We have asked brokers in the past and they would not disclose the information. These are double payments and insurers should not be doing it," said Henry Good at Rohm and Haas, of who should pay for the work it US-based chemicals

push up the cost of doing business and squeeze out small operators. It will also test the society's regulatory regime, which is mov-

wholly dependent on brokers for

business, some underwriters fear

the practice is spreading and may

ing to reassert credibility following a decade of financial and legal problems. Aon said the changing nature

of remuneration, driven by clients wanting to pay fees for specific services, posed the question carried out for underwriters.

At Lloyd's of London, which is Conflicting questions, Page 7

German coalition faces fresh dissent

Helmut Kohl's effort to restore German government unity ran into fresh problems yesterday when the Free Democrat Party, the junior partner in the chancellor's quarrelsome three-party coalition, pressed for more radical tax reforms than those agreed by the coalition Mr Kohl's Christian Demo-

cratic Union and the allied Bayarian Christian Social Union agreed to paper over recent differences and concentrate their attack on Gerhard Schröder, the newly confirmed candidate of the opposition Social Democrat But at an FDP congress in Ber-

platform for the September 27 general election, it broke with government policy for a cut in the top tax rate to 39 per cent, down from 58 per cent. It called instead for a top rate of 35 per cent and a radical simplification of the income tax structure.

ister, attacked the reluctance of ented policies. He criticised CDU resistance to longer shop opening in the much-disliked solidarity fication

This evidence of new tension in the Bonn coalition came as surveys suggested Mr Schröder has Editorial Comment, Page 13

built up a commanding opinion poll lead over Mr Kohl According to a poll by Forschungs gruppe Wahlen (FGW) for the ZDF television channel and the Süddeutsche Zeitung newspaper, 65 per cent of Germans want Mr Schröder as chancellor against 26 per cent backing Mr Kohl. The political research group

estimated that the SPD would win 43 per cent of the votes if a general election were held now, the party's best opinion poll rating since German unification in 1990. The environmentalist Green party, a likely coalition partner for the SPD, would win 8 per cent. The CDU and CSU would win 35 per cent, their worst result since unification, while the lin to agree parts of the party's FDP would win 5 per cent to scrape into the Bundestag, the

lower house. In an interview with yesterday's Welt am Sonntag newspaper, Mr Kohl expressed confidence that he would win the September election. But Volker Rübe, the CDU defence minister, At the same time, Gunter said the party's position was seri-Rexradt, the VDP economics min- ous and it was naive to believe it would regain popularity as it did the CDU to embrace market-ori- at this stage of the election cam-

paign four years ago. in Munich. Theo Waigel, the hours and its opposition to cuts finance minister and CSU leader. and Edmund Stoiber, the CSU surcharge to finance German uni- premier of Bavaria, said recent quarrels over CDU proposals for an energy tax were resolved.

CONTENTS

World News 2-4.6 UK News 7 Features 8,10 Comment & Analysis 12,13 Companies & Finance 15-20 World Stock Markets 35-37

Full contents and Lex: back page



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WORLD NEWS

LIFE ASSURANCE TAX DISCRIMINATION SEEN AS A BARRIER TO MULTINATIONAL GROUPS SETTING UP SINGLE SCHEMES ACROSS EUROPE

Court ruling set to allow EU-wide pensions

By Jane Martinson, Investment Correspondent

A leading pensions consultant in Brussels expects a ruling to be delivered next week by the European Court of Justice (ECJ) to open the door to pan-European pensions and

The judgment on the Safir life assurance case is expected to follow the advice of the advocate general and to declare tax discrimination en member-states illegal under EU law.

By Eric Frey in Vienna

won 13.5 per cent.

Thomas Klestil, Austria's

The conservative incum-

widely predicted by opinion

polls and reflected his high

ers' desire for continuity.

mat, who was put up by the

conservative People's party

in 1992, ran formally as an

independent this time and

was also backed by the

Social Democratic party and

the far-right Freedom party,

the biggest opposition force.

tasks extremely well," said

his role as an impartial arbi-

ter in domestic politics. He

the disastrous presidency of

New term for

president in

Austrian poll

a protestant bishop running campaign to gain the sup-

on a centre-left platform, port of the Social Democrats,

The 65-year-old former diplo- mostly representative func-

job approval rating and vot- harm his popularity.

ticular, which are keen to advocate general. set up one central pension fund to cut costs and improve portability for staff across Europe.

of EU practices at William Mercer in Brussels, said: "This removes the last major pan-European pension funds. With this case we are 85 per cent of the way there."

The European court is expected to make its ruling

second world war.

lung diseases overshadowed

his first term, but did not

The head of state has

tions, but his voice counts

on important issues and he

can influence the formation

of a government.

Swedish woman who chose to buy life assurance from Skandia in England. Swedish Geoffrey Furlonger, head authorities imposed a tax on the product as it was not bought domestically, a move which was declared illegal barrier to the creation of by the advocate general last

> In addition, his judgment rejected the application of a previous European court case ruling in Belgium - the recent work on setting up a an issue over fiscal coher-

Such tax discrimination on Tuesday next week. It is Bachmann case - which pan-European fund for a ence in the Bachmann case has proved a barrier to multinational companies, in paragainst the advice of the sion was a valid reason for foundered on the issue of tem for pensions is likely to differential tax treatments The Safir case involves a among member-states. "Many observers believe

that it is only the Bachmann case which is preventing widespread use by multinational employers and insurers of pan-European insurance and pension vehicles." said Mr Furlonger, Insurance products are typically used to provide pensions in

Mr Furlanger added that

tax. "It's the tax barriers be opposed by some memberwhich made it hardly worth- states. Examples of the while. You would typically have to create byzantine tax structure to get local tax credits."

Simon Arnot, an adviser at British American Financial Services, part of the Allied Dunbar group, said the decision was likely to bring pan-European pension funds a step closer. How-ever, he said there was still

Any change to the tax system for pensions is likely to remaining barriers include social security complications and the national pension system in France.

However, an ECJ judgment would be welcomed by many multinational compa nies. Jos van Niekerk, managing director at Unilever Pensioenfonds in the Netherlands, welcomed any move which would make a pan-Eu ropean fund easier to create.

and the environment, he fig-

ured increasingly as a

defender of the public sec

He rejects "the fatalism of

the market", believing there

are limits to what should be

left to market forces and see-

ing it as the state's duty to

correct economic imbalances

Mr Borrell insists he is not

"a dangerous leftist" but a

social democrat. "I have

always been at the centre of

the left," he said on a recent

campaign trip. "Others may

thing." But he has kept away from factional strug-

gies in the party, belonging

to neither of the main clans

neither the moderate

González loyalists, nor the

more orthodox Socialists

associated with the former

number two, Alfonso

Guerra, who is now out of

The two men have fol-

lowed each other around the

country mustering support.

Mr Almunia has the hacking

of party barons in key

regions such as Andalucia

where the PSOE has more

than a quarter of its mem-

bership. He remains favour

ite to win, but it could be

the picture.

be on the left of the centre which is not the same

and inequalities.

tors role.

NEWS DIGEST

Berlusconi formally made loubters leader of Forza Italia

Silvio Bertusconi, the former Italian prime minister, was formally elected president of Forza Italia, the party he founded four years ago, at the weekend. The media magnate-turnedpolitician was the only candidate and was elected by acclamation at the party's first national congress.

Mr Beriusconi, 61, Europe's wealthiest media tycoon, founded Forza Italia in early 1994 and led the centre-right Freedom Alliance to victory in elections in March that year, He was prime minister for seven months before his coalition collapsed when the Northern League withdrew support. Forza Italia is now the largest party in an opposition alliance

confronting the centre-left government of the prime minister, Romano Prodl. Mr Berlusconi's leadership of the opposition alliance has come under criticism from within the grouping. Opponents accuse him of mixing his political ambitions and

A Milan court convicted him last December of false accounting in a 1988 transaction by his Fininvest business empire. Reuters, Milan

COLOMBIAN KILLING

Civil rights lawyer murdered

Unidentified gunmen murdered Eduardo Umaña, a Colombien human rights lawyer, at the weakend, the country's second murder of a human rights campaigner in a week. On Thursday, the communist leader, Maria Arango Fonnegra, was sinated in her home outside the capital, Bogotà. Authorities said a special team was being assembled to

investigate the crime. The government has offered a reward of \$370,000 for the capture of the assassins. Several public sector unions, whose members Mr Umaña, was defending, have threatened to hold a 24-hour strike in protest at the murder. Adam Thomson, Bogota

PARAGUAYAN ELECTION

Opposition candidate barred

Paracusy's President Juan Carlos Wasmosy has won a viotory over his arch-enemy, former General Lino Oviedo, which could clear the way for presidential elections. The electional tribursel barred Mr Oviedo's candidacy at the weekend after the Supreme Court on Friday ratified a 10-year prison centance

Mr Oviedo, surprise winner of the ruling Colorado party's primaries last year, was convicted of mounting an April 1996 coup attempt against Mr Wasmosy. Mr Wasmosy and allies had revived the dormant charges in order to detail Mr Oviedo's candidacy. Ken Warn, Buenos Aires

GERMAN POST

Mail service licences awarded

Germany has awarded the first wave of 11 licences for mall. service companies wanting to challenge Deutsche Post, the state-owned mall service.

The move follows the partial opening of the German post granted in coming weeks.

Of those awarded already, two were for country-wide services. Until the end of 2002, Deutsche Post, which is being fined up for privatisation, will retain a monopoly in the handling of standard letters up to 200g and bulk, or "Junk", mail up to 50g. Raiph Atkins, Bonn

TELEVISION IN POLAND

Rival operators to co-operate

Two rival digital television service operators have agreed to co-operate to provide Poland, Europe's fifth largest television market, with its first multichannel service from the autumn. US-financed At Entertainment and Canal Plus Polska, local subsidiary of the French pay TV channel, had planned to offer separate digital services. Christopher Bobinski, Warsaw

PRIVATISATION FALLOUT INVESTMENT TRUSTS TO BECOME OPEN-ENDED BY 2002

Czech funds to be forced to sell

By Robert Anderson in Prague

Czech investment funds. which became the country's most important shareholders after voucher privatisation, are to be forced to sell their holdings and allow investors to withdraw their capital.

The move, passed by the lower House of Parliament on Friday, will allow small investors to realise some gains from the country's transformation, and will result in new owners of companies capable of taking the restructuring process for-

Hundreds of investment Hundreds of investment funds sprang up in the early 1990s, exchanging their own sbares in return for citizens' share voucher booklets. However, after numerous frauds and incidents when stakes were traded with little concern for fundholders' interests, fund shares now trade at a discount of about 30 per cent to the net asset value per share the net asset value per share

(NAV) of their investments. After the amendment passes the Senate later this summer all funds will be forced to become open-ended by the end of 2003, allowing shareholders to redeem their FRANCE shares at their NAV rather than the stock exchange trading price. Funds which are trading at a 40 per cent discount to NAV will be forced to become open-ended | SWEDEN: in the first year after amendment is passed.

The amendment also cuts the maximum stake a fund can hold in one company from 20 per cent to 11 per cent by the end of 2000. Together with the need to l

raise cash to pay sharehold- already begun grouping will be driven out of busiers, this will compel funds to their shareholdings for sale sell the large shareholdings at a premium to strategic they built up using the

Jari Spicka, head of the financial markets department of the finance ministry, says: "Voucher privati-sation resulted in a freezing of the structure of ownership. The funds are bad owners. Our companies must be restructured but the funds do not have the expertise to do this and they're not able

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and foreign stocks. However, they successfully pleaded for a delay in the amendment taking effect, saying it would force them to sell their stakes cheaply, so hurting their shareholders and destabilising the market.

investors, and switching

their investments to bonds

Some funds, which are trading at huge discounts to Investment funds have agements poor reputation, positive.

ness as investors rush to realise their capital. But Tomas Jezek, the former head of the Prague stock exchange who is now a member of the new Securities Commission which supervises the funds, says the amendment will not be destabilising.

"In the short term there is a danger of too many shares coming on to the market but this will attract foreign investments," he said. "In to provide addition capital." NAV because of their man-

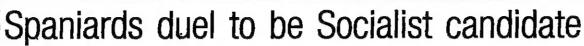
In this week's issue **Business Week Special Report**

The Euro: Will it Create a New European Economy?

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David White on a primary contest to assume Felipe González' mantie

"wo men of the same generation but contrasting German soldier during the styles fight it out this Mr Klestil worked hard for week to be Spain's Socialist federal president, was Austria's entry into the opposition candidate for elected yesterday to another European Union and prime minister in the next six-year term with a sweep-ing majority. strongly supported such RU projects as monetary union election, due by early 2000. It will be the first time since the Franco dictatorand eastern enlargement. He bent gained 63.5 per cent of also advocated Nato memship that the Spanish Socialthe vote, and his nearest bership in the past, but ist Workers party (PSOE) has fought a general election under anybody but Felipe challenger, Gertraud Knoll, backed away during the González, the charismatic who favour neutrality. Marileader who brought it four Mr Klestil's re-election was tal problems and a bout of consecutive victories and

> An unprecedented vote on Friday among the party's 380.000 members will decide which of two ex-ministers will be its figurehead in its effort to unseat the centreright incumbent, Jose Maria

beaded the government for

Mr Klestil was a strong supporter of the coalition One is Josquin Almunia. 49, PSOE leader since last between the People's and the Social Democratic parties June, a reassuring, bald and The result showed that and is known to be on good bearded figure from a solid "the Austrians are pro- terms with Chancellor Vikmiddle-class Basque backfoundly reasonable. During a tor Klima, a Social Demoground, a bit chubby and period of extreme change, crat, who angered some in crumpled, tough by nature Mr Klestil had managed his his party by not putting up a and sometimes cutting, but amenable and undogmatic. candidate against Mr Klestil.

Wolfgang Schüssel, foreign But during the campaign, he The other, in the role of minister and People's party also embraced Jörg Halder, challenger, is Jose Borrell. the populist leader of the just turning 51, scholarship During the campaign, Mr Freedom party, and won Mr boy, intensely clever, highly Klestil stressed his experi- Haider's endorsement in articulate, trim, clothes-conreturn streak and a spark of ideoexpected to back the continuation of the current coalilogical passion. helped to break Austria's tion after next year's parlia-

international isolation after mentary elections. Among the other candishunned by most western leader of the Liberal Forum. countries because of allega- and the construction tycoon atrocities while serving as a about 10 per cent.



reros, deciding late in the day that he ought to head its list of candidates, only nar-

The premiership primary contest, rallying support behind Mr Almunia and putting paid to speculation about a González comeback or an early return as candidate by Javier Solana, the Nato secretary general and former Socialist foreign minister. But the campaign, Mr Borrell announced he

Holding primaries for Pandora's box. elected posts is a new idea Mr Almunia, an economist which could backfire. The Basque country, where elec-tions are scheduled in Octo-cabinet, minister of labour, tions that he was involved in Richard Lugner both scored ber. The PSOE's regional then public administration leader, Nicolaa Redondo Ter- and later PSOE parliamen-

When Mr González unexpectedly quit the leadership

at a conference last June, it rowly won the vote. was Mr Almunia to whom was to have been a token the party turned in a rushed search for a replacement capable of uniting it. But as the members of the new

A baker's son from a would run, has opened a from Bilbao, was always and France. He has a degree Kurt Waldheim, who was dates, Heide Schmidt, the I first trial came in the close to Mr González, the in aeronautical engineering, basking in economic recova doctorate in economics. and a master's from Stan-

executive committee took their seats, it was Mr Borrell who drew the biggest applause from delegates. Mr Borrell has been something of a political lone wolf. town in un-country Catalonia, he had a precocious and brilliant university career which took him to the US

ist government as state secretary for finance, he was considered a technocrat and associated with liberalising policies. But he won a name by pursuing the rich and famous for taxes. And later, party's difficulty in finding promoted to "superminister" for public works, transport era.

close. Ministers in the Popular party (PP) government claim they would rather fight Mr Borrell, as an easier target to attack. Either way, it could be

The party's prospects of a quick return to nower. which seemed possible after the 1996 elections, have dwindled. With the country ery, the PP has led the polls for the past year. If Mr Almunia wins the candidacy When he joined the Social- and goes on to lose the election, he risks the criticism that the party fielded the wrong candidate. And if he loses the primary, it would re-open the question of the leadership and show up the its way in the post-González

CONTRACTS & TENDERS

Invitation for Bids

Contact Name:

Telephone: Facsimile:

Date of issuance of IFB: April 20, 1998 Loan No.: 3597-HU IFB No.: 9814-004 IFB Title: MISS Project Phase 1A

 The Republic of Hungary has received a loan from the International Bank for Reconstruction and Development (the Work Bank) in various currencies towards the cost of the Health Services and Management Program. It is intended that part of the proceeds of this loan will be applied to eligible payments under the contract for the Hungarian hospital Management information Support System (MISS) component, managed by the World Bank PMU of the Ministry of Welfara, Republic of Hungary.

2. The METRIMPEX CO. LTD., the Procurement Agent duly authorised to act on behalf of the Purchaser, now invites sealed bids from eligible bidders for the supply, installation and support of a Management Information Support System solutions (development and delivery of handware and software elements, installation and training) for three individual hospitals and one hospital

Fővárosi Önkormányzat Szent János Kórháza (hospital) LOT 1

LOT 1 Fővárosi Onkormányzat Szent János Kórházat (hospital)

LOT 2 Országos Korányi TBC és Pulmonológiai Intézet (hospital)

LOT 3 Hajdú- Bihar Megyel Kórházzat Kenézy Gyuta Kórház- és Rendelőintézet (hospital)

LOT 4 KORINFO KHT (Vas Megyel Kórházcsoport) (hospital group)

Bidders may bid on one or more LOTS, but must offer a complete bids in all respects regarding the requirements for each LOT.

Bidders (including consortia and joint ventures) must demonstrate (collectively) the following qualifications to be considered eligible:

(a) no less than three years experience in the development, implementation and support of complex information systems; (b) during the tast five years successfully implemented three (3) successful information systems of at lesst comparable complexity and scale as the Base system described in the Technical Specifications for each LOT the Bidder bids upon. (One of the three must have been in a hospital, clinic or similar health care institution); and (c) previous year tumover of no less than the total bid price for all LOTS offered.

For consortia and joint venture the minimum tumover qualification for each Partner shall be no less than the value of the supplied.

(For consortis and join venture the minimum turnover qualification for each Partner shall be no less than the value of the supplied components by that partner, which in no case shall be less than 25 % of the total Bid Price.)

3. Interested eligible bidders may obtain further information regarding questions of commercial and general type from and inspect the Bidding Documents at the office of

METRIMPEX CO. LTD. Computer Tendering Office H-1025. Budapest, Szépvölgyi út 52. Ms. Judit CSONTOS (361) 267-5650, 267-5600 (361) 267-5650, 267-5636

Interested eligible bidders may obtain further information regarding technical contents of MISS related matters of the Bidding ents at the office of

The World Bank PMU (Project Management Unit) Mailing Address: MINISTRY of WELFARE REPUBLIC of HUNGARY H-1023 Budapest, Frankel Leó utca 30-34 Mr. Péter BARNA Contact Names: Dr. Laszló BALKÁNYI

(361) 345-0834 A complete set of Bidding Documents (approximately 1800 pages) covering four (4) LOTS may be purchased by interested Bidders, on or after April 20, 1998, by one of the following methods.

Applying in person at Metrimpex Co. Ltd 1025. Budapest, Szépvőigyi út S2 during the hours of 08:00 to 14:00 Monday through Friday (national holidays excluded) and the payment of a non-refundable fee of USD 230 (for foreign bidders) or HUF 49000 plus 25 percent VAT (in case of local bidders); or Submitting a written application to Metrimpex Co. Ltd 1025, Budapest, Szépvőigyi út 52, including payment of a non-refundable fee of USD 230 (for foreign bidders) or HUF 49000 plus 25 percent VAT (in case of local bidders), and selection of one of the

following shipping arrangement: (i) the submission of a valid DHL account number, or (ii) payment of a fixed USD 270 for DHL Remittance of the above fee(s) is to be made to the following Account No. of Metrimpex Co. Ltd. bearing the name of the Project and

the IFB No. (9814-004), CIB 10700024-02063003-51100005 Account No.: The provisions in the Instructions to Bidders and in the General Conditions of Contract are the provisions of the World Bank Standard Bidding Documents: Procurement of Information Systems, International Competitive Bidding.

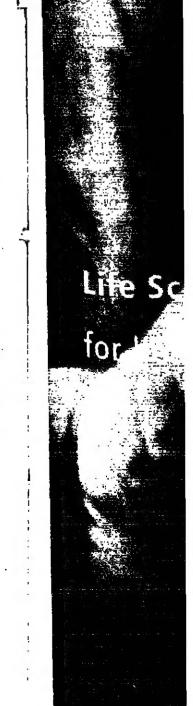
6. Bids must be delivered to the above office of METRIMPEX no later than 10 a.m., on June 15, 1986 and will be opened then

in public at 10:30 am on the same day in the presence of the representatives of Bidders who choose to atlend. All bids must be accompanied by a security of no less than USD 12000 (twelve thousand US Dollar) or HUF 2484000 (two million, four hundred and eighty four thousand Hungarian Forint) per LOT bid upon, in the form of (a) a cashier's or certified check, or (b) a bank guarantee or trevocable Letter of Credit issued by a regulable bank selected by the Bidder.

8. For clarification of this project, a Pre-bid Conference will be held at Palm Hall of Budapest Convention Center (address

Budanest XII. Jacelló út 1/3) on May 18, 1998, at 10.00 a.m. Bidders are requested to put questions concerning the documents in writing prior to the Pre-bid conference no later than May 14, 1998

تعكذا من الاجل



Clinton fails to win over doubters

By Gerard Baker in Sentiago

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after it has exhausted every other alternative." Thus, quoting Winston Churchill, sured his fellow heads of Summit of the Americas his administration was mishandling policy in the region, all would be right in the end.

But as the leaders concluded two days of talks yes-terday with a pledge to continue the integration begun four years ago at their first summit in Miami, it was far from clear that Latin American governments shared Mr Clinton's confidence.

On a number of important questions, Latin American leaders are troubled by the realisation that, whatever Mr Clinton may promise, a Congress in Washington increasingly hostile to foreign engagement constrains the president.

The failure of Mr Clinton to secure fast track trade negotiating authority, congressional hostility to Cuba and suspicions of closer American governments on drugs may render irrelevant much of what Mr Clinton is

1.00

Begge

US officials were eager to dispel any suggestions that "The United States invari- they had come to Santiago ably does the right thing... weakened by problems at home. "America's leadership has not been stronger in this hemisphere for over 30 President Bill Clinton reas- years... The president is clearly... the central figgovernment at the weekend ure... at this summit. The agenda is an agenda that that, for all their fears that reflects our agenda," said Sandy Berger, the president's national security

And on one level that

assessment seemed correct. The Clinton administration had made democracy the central point of the Santiago summit. The "quiet revolution" which had toppled dictatorships throughout Latin America in the last decade was, Mr Clinton claimed, as significant as the fall of the Berlin Wall. And there was recognition that in the last decade at least, the US had played a positive role in promoting that demo-

cratic revolution. But the critical challenge facing Latin America, as US officials insisted on reminding everyone, was to underpin the new democracies with a second generation of reforms aimed at improving ditions of the people.



Clinton at the summit yesterday; failure to win fast track authority will slow progress on trade

ute much to the process. Raising the standard of living of the poorest Latin

Americans required integrating the region's economies, opening them to trade, the leaders said. To that end the summit formally launched the Free Trade Area of the Americas - to be completed by 2005. But without US fast track authority, progress will be slow. In the meantime, Latin

Americans seem certain to press ahead with their own regional trade agreements that could leave the US out in the cold. And worse still for the US, they seem likely to push for trade pacts with Europe. On other areas of policy,

co-operation with Latin the social and economic con- the gap between Clinton administration commitments The summit leaders and congressional reality pledged urgent action on was never far from the nego-

highly effective drugs policy co-ordinator, was behind an agreement with Latin American countries that could radically change the anti-drugs administration might be battle in the hemisphere. The leaders agreed to a

whether countries in the region are doing enough to tackle narcotic production would, according to Gen to make highly unlikely. McCaffrey, ultimately make irrelevant the US's own certification process despised by many Latin American governments as a unilateral, quasi-racist intervention in

other countries. But in a reminder of the constraints on the administration, two leading Republi- bet he will prove to be as can congressmen issued a effective as Franklin D. sharply worded warning at

fidence the US could contrib- McCaffrey, Mr Clinton's they see as US control over its own criminal justice in other areas too, there

was a sense that the US more kindly disposed towards its neighbours than new multilateral evaluation are US lawmakers. On Cuba, system to determine several leaders politely pressed Mr Clinton to do more to liberalise relations with Havana, a prospect that and consumption. This the US Congress continues Of course none of this is

unfamiliar. When Winston Churchill made his famous observation, domestic US opinion was deeply sceptical about engagement outside the US. But, however well respected Mr Clinton may

US sidelined as Mercosur power grows

The US team in Santiago was not able to wield as much influence as it had at the first Summit of the Americas, in Miami in 1994. That summit, convened by the US, had as the main item on the agenda the aim of achieving a free trade area of the Americas (FTAA) by gradually expanding the North American Free Trade

The applicants were to line up and present their credentials, and then wait their turn to be invited to join," as José Miguel Insulza, the Chilean foreign minister, put

But Santiago was convened within the framework of the Organisation of American States - all 34 states of Latin America and the Caribbean with the exception of Cuba. The US may still be first among equals, but has only one vote, like the smallest Caribbean nation

And US President Bill Clinton came to the meeting with no "fast-track" authority from Congress to negotiate any kind of trade agreement. In the Chilean view, that had already turned out to be an advantage.

"If they had had [fast be, there are few prepared to track], they would have insisted on issues fon the agenda) that are basic for the US but for Latin America are either not acceptable now or not in the form in

them," a Chilean official

Four years on from Miami, the FTAA will not now be a gradual expansion of Nafta. Instead, regional integration will be constructed from the existing sub-regional trade groupings.

Mercosur, a customs union led by Brazil and Argentina, has become the most important alliance in the region. Paraguay and Uruguay are full partners, Chile and Bolivia are associate members. The Andean Pact, an older grouping of Peru, Ecuador, Colombia, Venezuela and Bolivia, is to start talks on closer integration

with Mercosur In the Santiago summit the full Mercosur members sat together, as did the other regional groupings - the Andean Pact, the Central American common market and Caricom, for the Caribbean states. The Nafta partners, however, sat and acted independently.

The relative weakness of the US position meant the Mercosur group had far more influence on the agenda. The Chileans pushed in the "soft" issues of education and judicial reforms and strategies for combating poverty. The idea was to shift the emphasis away from Washington's insistence on the negative issues in hemispheric relations, such as drugs, corrup-

rid and Havana, bas launched an initiative to boost the Spanish trade and investment presence in Cuba. A delegation from the Con-

By Pascal Fletcher in Havana

Spain's biggest business

organisation, encouraged by

the recent return to normal

diplomatic ties between Mad-

Spain to

boost

Cuban

trade

federación Española de Organizaciones Empresariales (CEOE), comprising 70 Spanish companies, visited the communist-ruled Caribbean island last week.

The group, headed by Jose Maria Cuevas, CEOE president, was believed to be the biggest Spanish business delegation to visit Cuba. The visit followed a move by Spain earlier this month to name a new ambassador to Havana. The nomination was quickly accepted, ending a diplomatic row which had started in late 1996 when President Fidel Castro's government, stung by Spanish criticism, had refused to

accept a new ambassador Mr Cuevas yesterday announced agreements with the Cuban authorities to promote and support Spanish investment in Cuba. A number of projects and letters of intent, covering several sectors of the Cuban economy had been signed by members of his delevation.

Cuba had also indicated its desire to renegotiate the Pta120bn (\$777m) debt it owed to Spain.

Among the Spanish companies discussing possible projects in Cuba is the power company Endesa, which is interested in becoming an investor and operator in a \$500m Canadian-led joint venture to modernise and expand a Sovietbuilt thermo-electric power plant on the island.

 The Canadian prime minister, Jean Chrétien, will visit Cuba on April 27, invited by President Castro, in a visit expected further to boost fast-developing trade l and political relations.

this, but there was little con- tiations. General Barry attempt to water down what Lex, Page 14 tion, and terrorism UK mission aims to get share of Argentine banking action

By Ken Warn in Buenos Aires

A British trade mission is visiting Argentina this week in an effort to drum up more financial services business and chip away at New York's dominance of local investment banking and

Howard Davies, chairman of asset management, mutual

dominated by financial services, but includes construc-Kvaerner Corporate Develop-

Authority, includes more and futures, said William stock exchange. "Argentina, spread public distrust of year, against imports of than 30 representatives. It is Marsden, Britain's ambassation and engineering compathink the City of London momentum has been main-nies such as Rolls-Royce and could overthrow New York's tained after the Asian finan-The mission comes against

The mission, led by areas such as retail banking, of the business, and encour-

dor to Argentina.

of local investment banking, about growth of less than 5 Britain was targeting Britain wanted to win more age bigger Argentine compa-

the Financial Services funds, and financial options nies to list on the London is interesting for the mission

per cent this year. Secondly,

there is a strongly increas-

ing demand for capital."

or to Argentina. for two main reasons," said being steadily overcome, share of Argentine imports.

While it was unrealistic to Mr Marsden. "Economic thanks to continued eco- at 2.7 per cent, is still about The mission comes against

trade between the two coun-

Among Argentines, wide- totalled £457m (\$813m) last nesses to sell to Britain." financial institutions was £270m. However, Britain's ence in Argentina received a half its pre-conflict level.

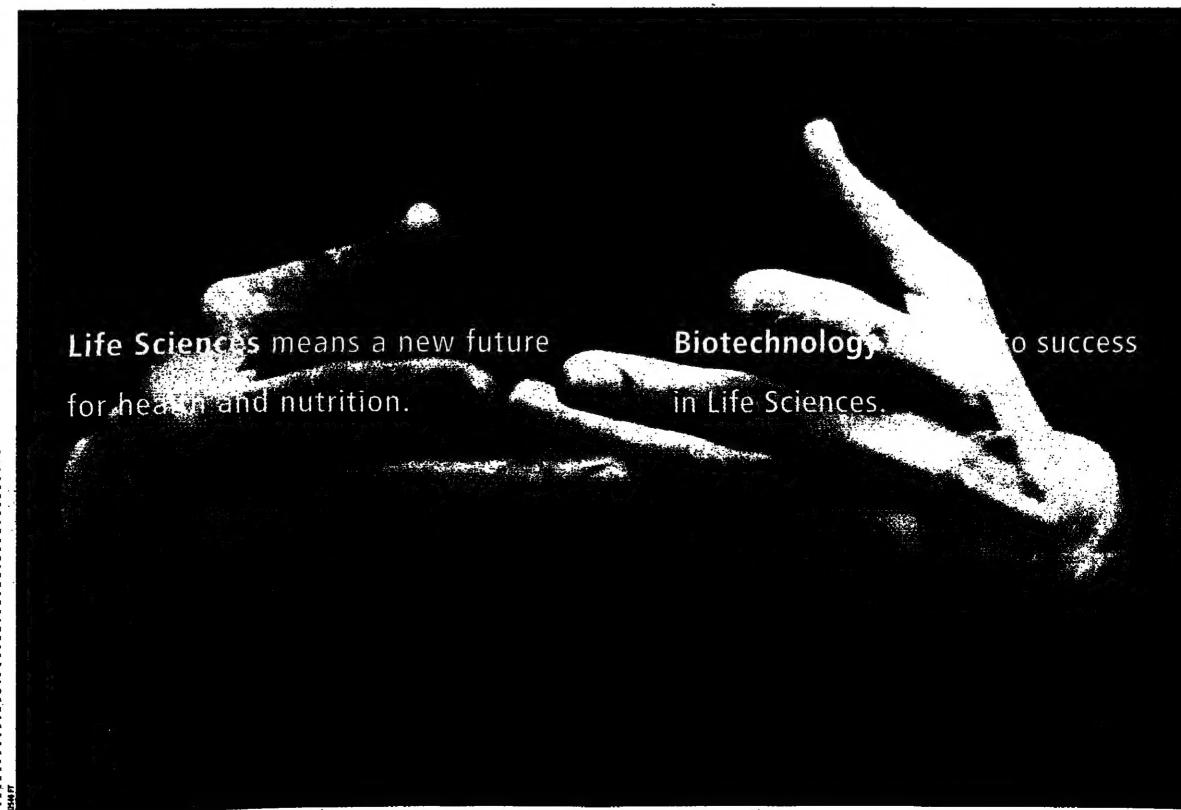
long-established dominance cial crisis - no one is talking a background of increasing economic and investment links with Argentina for our tries, which was halted after mutual benefit." said Mr President Carlos Menem's the 1982 Falklands conflict. Marsden. "We want to visit to Britain, due this UK exports to Argentina encourage Argentine busi- October or November.

Britain's financial presbig boost last year with the HSBC Group's \$600m purchase of the Roberts banking "We are rebuilding our and financial services group.

Commercial ties are expected to be underlined during

Health and nutrition are predominant concerns of the future in which biotechnology holds the key to innovation. Hoechst Marion Roussel, our pharmaceutical company, is utilizing biotechnology to develop highly effective drugs in the fight against currently incurable diseases. Our agribusiness, Hoechst Schering AgrEvo, is ensuring nutrition for the world's growing population through integrated crop production.

The Future in Life Sciences



Hoechst is an international group of companies spearheading innovation in Life Sciences, including Hoechst Marion Roussel the pharmaceutical company and the sciences is an international group of companies spearheading innovation in Life Sciences, including Hoechst is an international group of companies spearheading innovation in Life Sciences, including Hoechst is an international group of companies spearheading innovation in Life Sciences, including Hoechst is an international group of companies spearheading innovation in Life Sciences, including Hoechst is an international group of companies spearheading innovation in Life Sciences, including Hoechst is an international group of companies spearheading innovation in Life Sciences, including Hoechst is an international group of companies spearheading innovation in Life Sciences, including Hoechst is an international group of companies spearheading innovation in Life Sciences, including Hoechst is an international group of companies of the companies of the pharmaceutical companies of the compani

Hoechst AG, D-65926 Frankfurt, http://www.hoechst.com

chief of staff questioned

South Korean prosecutors yesterday questioned former promptly. President Kim Yung-Sam's chief of staff in a widening probe into the country's financial crisis late last year which could extend to cials that IMF assistance include the former president

rate investigations into seven months until he was alleged corruption cases under the Kim government, the probe could lead to prosecutions of many who worked for Mr Kim as bureaucrats or politicians, affecting results of local elections scheduled for early

Mr Kim ended his fiveyear term in February to be replaced by President Kim Dae-Jung, who won the December election on the back of popular anger over the old government's failed

chief of staff, Kim Yong-Tae, the ministry of finance and was questioned by prosecutors to determine responsibility for the financial crisis which led South Korea to the brink of national default, forcing it to seek a record \$60bn bailout by the International Monetary Fund.

News reports said former relend them to companies in President Kim would also be the form of long-term loans questioned in connection to take advantage of the difwith a recent claim by government auditors that his long-term interest rates. finance minister. Khang Kyong-Shik, and chief presidential economy adviser, ened Korea's foreign debt Kim in-Ho, aggravated the payment problems.

the Period covered by this Statement.

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ADDITIONAL INTEREST STATEMENT

Disney Enterprises, Inc.

(formerly The Walt Disney Company)*

U.S. \$400,000,000

Senior Participating Notes Due 1999

Seminumi Statement Dated: April 28, 1998 for the period from September 1, 1997 to February 28, 1998

Persuant to the terms of the above-referenced Notes, this Additional

Interest Statement (the "Statement") is being furnished to Holders of such Notes of Disney Enterprises. Inc. (formerly The Walt Disney Company) (the "Company"). Capitalized terms used in this Statement have the meanings

october 1, 1992, between the Company and Cribank, N.A., as Fiscal Agent, Principal Paying Agent, Transfer Agent and Registrat. The information contained in this Statement is given for both the period covered by this Statement (indicated by the box checked above) and for the period from October 20, 1992, the date of issuance of the Notes (the "Issue Date"), through the end of

the Period covered by this Statement.

If this in an Annual Sustement, this Statement is also necompanied by a descriptive report discussing the activity and scaus of Eligible Films. Copies of such descriptive report can be obtained by Flolders of the Notes upon request to the Fiscal Agent at the following address and telephone number: Chihank, N.A., 111 Wall Street, 5th Floor, New York, New York 10043; Amenion: Corporate Trust Department; telephone: (212) 657-8096. If this statement is an Annual Statement, it is also accompanied by a Supplemental Annual Person of the Contrament's independent multic necompanies. In this

Audit Report of the Company's independent public accountants. In this Statement, references to "\$" are to United States dollars.

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If this Statement is an Annual Statement, the Company has indicated below whether any default by the Company in the performance and observance of its obligations maker the Notes or the Piscal Agency Agreement has occurred audior is continuous.

On Fabruary 9, 1996, Disney Enterprises, Inc. (humstly lenous as The Walt Disney Company) (the "Company") acquired Capital Cities/ARC, Inc. ("Capital Cities"). As a result of the acquisition, the Company was senamed Disney Enterprises, Inc. and became a wholly owned subsidiary of a new holding company trained "The Walt Disney Company". Accordingly, the above-relavenced Notes are securibles of Disney

Disney Enterprises, Inc.

By: Isl Ingrid McConnell

Title: Director, Corporate France

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ing the seriousness of the matter to the president

of refusing to seek help from the IMF, ignoring warnings by the central bank and offi-Mr Khang, who had served

Along with two other sepa- as the finance minister for sacked by the president in November, has claimed in recent media interviews that the Korean economy's structural problems, not his policy failures, were responsible for the crisis. Former President Kim himself is also blamed by critics for not taking action early enough.

Executives at several mer chant banks and the banks association have been questioned amid allegations that several merchant banks were granted government licences between 1994 and The former president's 1996 after bribing officials at

> Merchant banks are widely viewed as a key reason for Korea's foreign currency crunch late last year. They had borrowed large amounts in short-term debts in overseas markets to ference between short- and Their inability to pay back the short-term debts wors-

Former Korea China frees dissident ahead of US summit

By James Kynge in Belling

China sent Wang Dan, its last world-famous imprisoned dissident, into exile in there would be progress on the US yesterday, a move which diplomats said was calculated to win concescions at a US-China summit

A US official yesterday said Washington welcomed the decision to release Mr Wang. It was positive news and something the US had some time, the official said. from a prison in northeast release of a significant num-

the UK foreign secretary, Robin Cook, said he hoped other such cases. Human rights groups

approved of the release but complained that Beijing was playing a cynical game ahead of the visit of Bill Clinton, the US president.

welcomed the release and an 11-year sentence for plotting to overthrow the government. China released Wei Jingsheng, father of its modern democracy movement, late last year following a summit between Jiang Zemin, China's president, and Mr Clinton.

Shang Dewen, former professor at Beijing University, Mr Wang, a leader of the said Mr Wang's release did 1989 student protests in not signal a change in Chi-Tiananmen Square, was na's attitude and was been working towards for released on medical parole unlikely to presage the

The European Union also China where he was serving ber of political prisoners. The release, he said, was aimed at building US goodwill before the summit. It would allow China to deflect human rights criticism and help it achieve what commentators say is one of its main summit goals - banishing a stigma still lingering from the Tianammen massacre. Specifically, Beijing wants Tiananmen-era curbs. such as those on the Chinese launching of US satellites, to be lifted.

cials say the summit would reunify with Taiwan. The US provide an ideal opportunity to try for progress in talks on China's planned accession to the World Trade Organisation. Thomas Pickering, US undersecretary of state, tempered the optimism this month by noting that there were a tremendous number of issues on China's WTO accession needing to be resolved.

A more trusting relationship with the US may also assist China in another pol-

has been applying pressure behind the scenes to bring Taipei back into dialogue with Beijing, diplomats said. A deputy secretary general of the Taipel based Strains Exchange Foundation, the nominally unofficial body which conducts the island's talks with China, is expected in Beijing this week to restart dialogue broken off in against a visit to the US by Lee Teng-hui, Taiwan's pres-

Russia, Japan take steps to strengthen ties

Russia and Japan took a step towards strengthening relabetween President Boris Yeltsin and Ryutaro Hashimoto, prime minister, at the Japanese seaside resort of Kawana.

The meeting produced few big surprises but confirmed the deepening ties between the two countries, which are crucial to the stability of the Asian region.

It was agreed that Mr Hashimoto would make an official visit to Russia later

would visit Japan next year. failed for the second time to which have led to a significapt improvement in bilateral relations have been on an unofficial basis. in addition, Janan offered to disburse \$600m in untied

loans within the year, as

part of \$1.5bn in untied loans

offered to Russia when the

Japanese foreign minister visited Moscow. Aside from the international politics, both leaders are under increasing pressure on domestic issues. Mr Yeltsin is facing a serious

challenge to his authority

The past two meetings approve his candidate for prime minister. Mr Hashimoto, meanwhile, is up against the possibility that the Japanese economy is falling into recession, a situation which has undermined his political standing The two sides agreed to

expand economic co-operation. Programmes that they agreed to implement include a business training programme, a programme to encourage Japanese investment in Russia, and an agreement to swap cuts in greenhouse gas emissions.

breakthrough on the dis-

puted northern islands.

the second world war. At their previous unoffi-

cial meeting in the Siberian town of Krasnoyarsk, Mr proposing the two countries work towards concluding a peace treaty by 2000 on the hasis of an understanding that the four islands, the



US throws its weight behind Cambodia poll

The US yesterday joined other western Friends of Cambodia countries in supporting the Phnom Penh government's plan to hold a general election on July 26 despite the documented killing of some 100 opposition supporters since last year's

The group - it includes Japan, the European Union and Australia - said there had been marked progress in the ability of all political parties to freely participate in the electoral process. Washington is now expec-

ted to donate up to \$7m to help private agencies support and monitor the vote. The US has lagged behind the EU and Japan in offering to help fund the election. But grave doubts remain dubious election that Cam-

bodia's strongman, Hun Sen, hopes will give international Cambodian People's party. ambassador to the United take place.

kok meeting that his country was very concerned about human rights abuses and the ruling party's con-trol of the media.

"We are not out of the

Prince Norodom Ranariddh's Funcinpec party won historic, UN-sponsored elections in 1993 but was forced, by the better armed Hun Sen into an awkward power sharing arrangement that was finally smashed last

allowed the US cautiously to tion of a \$10m fast-ferry ter- to 10,000 to 12,000 with support the election was last month's brief return to Cambodia by the former first prime minister. Prince Ranariddh, for the first time since the coup.

The UN special representaabout participating in a tive for human rights in Cambodia, Thomas Hammarberg, warned earlier this month that it would take a legitimacy to rule by his dramatic improvement in the human rights situation Bill Richardson, US for free and fair elections to

Philippine city plans \$600m tender issues

Cebu, the booming southern ment of 37 hectares of ecoambitious \$600m waterfront development designed to emulate San Francisco's Fisherman's Wharf. Miguel Lucero, executive

director of the Cebu City

Waterfront Commission, said companies from Singapore, Malaysia. Belgium, the Netherlands and the Philippines had expressed interest in the built-operate-transfer: pino commuters daily, a figcontracts for the construct ure it is believed it can raise minal and a \$10m hoardwalk. Mr Lucero said the Asian crisis has not affected sentiment for the Waterfront Development, which is seen For a while we thought investor confidence would be dampened, but in fact the opposite was true. There has been no shortage in compa-

nies coming forward," he said. In partnership with the private sector, the city, the area.

in the country, has already started work on redevelop-Philippines city, plans to nomically moribund downissue tenders in July for an town waterfront. The fastferry terminal is intended to boost the city's communications infrastructure, while the boardwalk, which will house 40 shops and restaurants, is designed to appeal to the growing number of

Philippine and foreign tour-The city's six ferry operators deliver about 8,000 Filiplapper heaven

Foreign and local investors will also be invited to bid for projects worth \$40m - including construction of a as a 5-10 year undertaking, monorail system and high-rise parking facilities. as well as a land reclamation project, a convention centre planetarium, aquarium and maritime museum. The city also plans to construct a 140m coastal expressway relieve traffic congestion in

NEWS DIGEST

PAKISTAN POWER SECTOR

President signs new law to combat corruption

Pakistan's President Raffo Tarar has signed a tough new law to combat corrupt business practices. The law is widely egarded as almed at private power companies.

It allows a maximum seven-year prison term for businessmen found guilty of bribing officials. It follows recent threats by officials and government ministers that they could investigate contracts signed with private investors under a 1994 power policy if evidence of corruption was found.

The government says that the tariff offered to the private power companies is exorbitant. Some officials have also critsed the tariffs given to the Hub power company and Kot Addu power company, elthough their terms were not negotisted under the 1994 policy. National Power of the UK has invested in both projects. Farhan Bokhari, Islamabad

NEPAL HYDROPOWER PROJECT

Enron asked not to withdraw

Nepal will ask Enron of the US to reconsider its decision to withdraw its application to build a hydropower plant in the Himalayan kingdom, the finance minister, Ram Sharan Mahat, said yesterday. Last week, Enron Renewable Energy withdrew its application to build a dam on the Karnali river in west Nepal to produce a maximum of 10,800 MW of hydropower for export to India and China.

Officials said the Houston-based company had pulled out of the project after reviewing the "power and financial markets". Enron said on April 14 in that the project was withdrawn mainly because of uncertainty in "selling a large block of power to a market outside Nepal". Reuters, Kethmendu

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HONG KONG CORPORATE COLLAPSE

Regional fall-out pushes Vietnam closer to balance of payments crisis

Capital inflows have fallen and competition from low-cost manufacturing bases will hit exports. Jeremy Grant reports

ben a spate of mys-tery razor blade and rubber – have slipped in attacks on school- the first quarter. children set parents' nerves iangling in Hanoi recently. Communist party censors swung into action.

Worried that the reports trickling from the local to the foreign media could damage Vietnam's image abroad, they stifled coverage. The same reflex has been

applied to the impact of the Asian financial crisis on Vietnam's frail economy. In recent months, state-run media have barely men-But economists say that

eneath the veil of censorship, there is growing concern that Vietnam could be sliding towards a balance of payments crisis, spurred on by the regional fall-out. "It has only just started for Vietnam. There's a lot of

pressure," said Le Dang Doanh, economist at the Central Institute for Economic Management, a government think tank That pressure is being felt on all fronts, even though the country is cushioned by

the lack of a stock market

and its use of a non-convertible currency. Capital inflows have fallen as the regional downturn has hit sales of textiles and shoes, key manufacturing exports. Competition from low-cost manufacturing bases in the region is expected to hit exports harder in

coming months. Rice sales remain buoyant coffers of tariff revenue. early this year, when the without some sort of major

Disbursement of foreign investment is set to drop in coming months as investors from Asia fail to follow up on pledges and others scale back existing projects. In Hanoi, construction cranes have been hanging motion less over half-completed hotels for months.

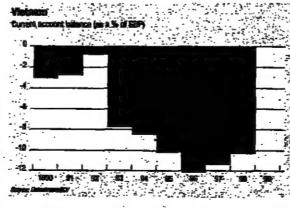
Foreign exchange reserves, already under pressure from a slew of short-term trade debts chalked up last year, have dwindled to about seven to eight weeks worth of import cover. This worries bankers given the burden of servicing an external debt of about \$10bn, or 55 per cent of gross domestic

product The question is: How long can Vietnam continue financing itself without having to seek external aid?

Hanoi's response so far could be summed up by a local proverb: "Don't jump until the flood water starts lapping at your feet."

itself to deep structural reforms urged by the International Monetary Fund, World Bank and Asian Development Bank - which would release \$500m in balance of payments support -Hanoi has slapped bans on and the Communist leaderimports in a bid to stem hard-currency outflows.

This has cut the first-quarter trade deficit by 40 per cent but has starved state but exports of other big And, economists point out, IMF said that funding shift in the political system,



the deficit is certain to depended on commitment to worsen again without efforts a clear timetable for reform to tackle distortions in the of state-owned enterprises

"Unless they go in for system commercial borrowing on a significant scale the only ishes, that has not yet hapway they can fix it is by compressing imports. But Hanoi announced that statesooner or later the fiscal sit- owned enterprises would uation will become unbear- have to implement huge jobable," said one senior western economist The fromy is that the infor-

trade regime.

mal economy is awash with started criticising the IMP cash. Official estimates put for withholding funding at a the amount of hard currency time when they believe it outside the banking system should be helping out. Yet at about \$8bn. But recent the IMF is in no mood to efforts by Hanoi to coax that come forward, as it wants to Instead of committing money into the banks have avoid financing the current met with limited success, as policy drift. popular trust in the system.

> o make matters worse, relations appear to be

souring between the IMF ship for the first time since links were established in 1998. Both sides have been

and the debt-ridden financial

Bar a few rhetorical flourpened - although last week losses the face of the regional crisis. Senior officials have

Analysts say that although Hanoi could muddle along for up to 12 mouths, nothing less than political reform will solve the long-term

According to Robert Templer of the University of California: "Policymaking has ground to a halt to such a degree that there's no hope locked in a stand-off since of serious economic reform

Banker extradited from Britain

A former Hong Kong banker linked to the territory's biggest corporate collapse was extradited from Britain at the week end, the government said. The return of Ewan Launder - who had argued that he would not receive a fair trial in Hong Kong after China resumed sovereignty in June last year - ties up one of the remaining loose ends in the scandal of the Carrier. group, which collapsed in late 1983 with an estimated net

Hong Kong's anti-corruption body wanted Mr Launder, 61 and former chief executive of Wardley (now HSBC Investment Banking), on corruption charges involving more than HK\$40m (US\$5.34m). He was alleged to have accepted bribes in return for showing favour in making loans to the Carrian and Eda

The collapse of Carrien and a series of related murders shook Hong Kong in 1983, but it was only in 1998 that George Tan, the Malaysian-born tycoon behind the property conglomerate, was sentenced on fraud charges involving US\$238m against Burniputra Malaysia Finance and parent Benk Bumiputra Malaysia. Louise Lucas, Hong Kong

NOTICE TO BONDHOLDERS OF Nan Ya Plastics Corporation ("Nan Ya") (Incorporated in Taiwan, Republic of China) US \$350,000,000 1 4% per cent Convertible Bonds due 2001 Formosa Chemical & Fibre Corporation ("FCFC") US\$250,000,000 1 % per cent Couvertible Bonds Due 2001

(Collectively, the "Companies") This notice is to inform Bondholders that each of the Companies, pursuant to the laws of R.O.C. and the terms and conditions in the Officing Circular and Indenture, will close their stock transfer books and will suspend the Bondholders' Conversion Rights during the periods specified as below due to the Companies' Ammal General Meeting of Shareholders to be held on May 22, 1998 for Nan Ya and June 12, 1998 for FCFC.

Nan Ya Phastics Corporation: On and from April 23, 1998 to Formous Plantics & Fights Congruences: On and from May 13, 1998 to

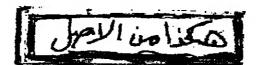
June 12, 1998

Information regarding the exact Consolidation Dates, the plicable Conversion Prices, and the approximate dates for restors to receive common shares in exchange for Englement Certificates will be published in due course after de Shareholder Meetings.

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NAN YA PLASTICS CORPORATION FORMOSA CHEMICAL & FIBRE CORPORATION By: Citibank N.A., Principal Conversion Agent Dated: April 20, 1998

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Tanzania cancels Malaysian deal

The Tanzanian government has succumbed to donor pressure and challenged the terms of a controversial Malaysian power contract which jeopardised the country's \$350m Songo Songo gas project and threatened to derail its structural adjustment programme.

Diplomats in Dar es-Salaam reported over the weekend that a seven-member Malaysian delegation representing Independent Power Tanzania (IPTL) power scheme were served with a deportation order after attempts to renegotiate the \$163m deal failed.

The breakdown came after months of unprecedented pressure from the World Bank, International Monetary Fund and bilateral donors who demanded that President Benjamin Mkapa's administration either renegotiate or cancel the project. The diplomats said that after three days of fruitless talks with the Malaysians,

the Tanzanian government

had decided to default on the 100MW diesel plant locked contract, possible penalties the matter to international arbitration if necessary.

government comment. Controversy has sur- Songo. rounded IPTL since it

notwithstanding, and take all the electricity it produced in spite of the fact that, per kilowatt, it would cost 21/2 There was no immediate times more than power due to be supplied by Songo

The Tanzanian ministry of became clear that if pushed energy justified the IPTL

the government into buying cion of the donors was the Funds \$234m structural which the World Bank was nia's chances of persuading Bank officials described as to reschedule its debt. the undue haste" with which it was struck.

The fact that stiff penalties

The Songo Songo scheme envisages extracting offshore gas to provide a cheap energy source to be exploited by first Tanzania and, eventually, its neighbours

Corporation and the Euro-Songo Songo scheme envis- tive was urgently needed. ages extracting off-shore gas to provide a cheap energy source to be exploited by first Tanzania and, eventually, its neighbours.

Late last year, donors disthe construction of IPTLs a month in revenue.

cancellation of one of East was signed in 1995 following Africa's most ambitious a prolonged drought that investments. Backed by the reduced output from the World Bank, Britain's Com- country's power plants. It monwealth Development said Songo Songo's commissioning was behind schedule pean investment Bank, the at the time and an alterna-

But local experts said Tanesco, the cash-strapped power parastatal, would be unable to honour its contracts with both power schemes, which committed it covered that the terms for to paying out a total of \$11m

through, it could lead to the deal on the grounds that it were built into the IPTL contract in case of either renegotiation or default also led donors to challenge an expensive project conceived under what donor representatives called questionable circumstances

The World Bank had threatened not to conclude a \$200m loan to Songo Songo and the International Mone tary Fund warned that if IPTL went ahead Tanesco's tariffs were in danger of risnomic targets would be nia."

What aroused the suspi- missed. Suspension of the secrecy surrounding such an adjustment facility would in important deal in a sector in turn have scuppered Tanzaheavily involved, and what the international community

Caught between its contheir favourite world airport tractual obligations to Malfor the second year in a row, aysia, an important ally, and but Helsinki's Vantaa is not the possibility of both the far behind. Reuters reports cancellation of Songo Songo from Geneva. and the disruption of its more than 25m passengers structural adjustment proannually, Amsterdam's gramme, Tanzania has opted for the latter.

Diplomats in Dar es-Sa laam were yesterday welcoming the decision, however belated, as a triumph of good sense. But some donors also acknowledged that seri-ous damage had been done to Tanzania's investment profile.

"Had it not been for the clout of the Bank and the Fund, there is a real question as to whether the gov ernment would have challenged the contract," said an official. "Would-be investors without such heavy-weight partners may think twice fore venturing into Tanza

Schiphol emerged top with Orlando in Florida and Atlanta, Georgia, close behind, according to the report. The International Air Transport Association has produced the report, and related findings on airline

airport

International travellers have

voted Singapore's Changi

Among airports processing

questioning of 78,000 passen-

gers on aircraft and at air-Although the full report has not yet been relea summary of its findings from a survey covering 62 terminals and hubs across the globe was issued by the journal, bi-monthly organ of the Geneva-based Airports

> Because new airports were brought into the survey for 1997, comparisons with past performance were difficult, although Singapore's dominance in perceptions of overall passenger convenience and in separate service areas remained strong.

Council International.

Over 75 per cent of people questioned in the survey rated Changi's new terminal as "excellent". The Finnish capital's relatively small airport, home base for the national airline, Finnair, but not previously included in the survey, came just ahead of Britain's Manchester, number two in the past.

in fourth place was Australia's Melbourne and in fifth Geneva's Cointrin international airport, fighting hard to retain its role as a hub after the national car rier, Swissair, switched most of its long-haul routes to Zurich at the end of 1996. The lata survey measured satisfaction of international passengers on a scale of 0-10

across 23 service categories.

Singapore EU boost for voted favourite oil-for-food scheme in Iraq

By Roula Khalaf in London

A European Union-sponsored conference begins in needed for spare parts and London today to consider ways of swiftly implementing the United Nations oilfor-food programme in Iraq. The two-day meeting by the UK presidency of the European Union will express British concern about the

plight of the Iraqi people, in spite of a hardline policy towards the Iraqi regime. The conference has been strongly denounced by Baghdad. Iraq sees the oil-for-food popularity in the past five deal, which has been expanyears, basing returns on months to buy humanitarian tion with the UN. goods, as an effort to allevite western conscience at the suffering of ordinary

Iraqis. Baghdad officials say the oil-for-food deal is a backdoor means of maintaining the crippling sanctions imposed on the country following the 1990 invasion of Kuwait. UK officials said the con-

ference will be a "brainstorming session" to produce practical recommendations on how donor countries and non-governmental organisations can work to help the UN implement the oil-forfood deal.

The Foreign Office said resterday the UK would not duplicate or usurp the work

of the UN. While American and British officials accuse Iraq of dragging its feet in implementing the oil-for-food programme, Iraqi officials say the blocking of contracts by the US and UK is to blame for delays in delivery. UN humanitarian officials in Baghdad consider that the complex and bureaucratic system for approving contracts - and some blocking by the US and UK - has created bottlenecks in the working of the oil-for-food deal.

After dispatching a team of experts to Iraq to study the needs of the oil industry and assess Iraqi claims that it cannot produce \$5.3bn

months, the UN said last week that some \$300m was equipment. Even with this amount, however, the experts concluded that Iraq would only be able to export \$3bn worth of oil in six months this year and up to \$4bn next year.

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والمنافق والمناوي يهود

The London conference comes amid signs of renewed tension between the UN and Baghdad. With the UN Security Council getting ready for a review of sanctions at the end of this month, Baghdad is stepping up pressure ded to allow it to sell up to and warning that it should \$5.3bn of oil every six be rewarded for its co-opera-

An Iraqi government paper said at the weekend that weapons inspectors' visits to presidential sites were not "an open process without a time ceiling". Iraq agreed to open eight presidential sites to inspectors after a deal clinched in February in Baghdad by Kon Annan, the UN secretary general. The deal, which averted a US- and UK-led military strike on Iraq, made clear that no time limits would be set on inspection.

The Iraqi warning followed a UN weapons inspectors' report last week which said they had made virtually no progress in the past six months in verifying that Baghdad had destroyed the rest of its weapons of mess destruction. William Cohen. US defence secretary, said at the weekend that it was not enough for Iraq to open up its presidential sites for inspection. He said Baghdad had an obligation to prove that it had destroyed all the materials before sanctions could be lifted.

Another assessment by inspectors who visited the presidential sites suggested that Iraq had cleaned up the compounds. Western diplomats now say it is appearing increasingly unlikely that inspectors will find incriminating evidence in the pal-

Jakarta blames speculators for crisis

By Laura Silber

Indonesia at the weekend blamed financial speculators and hedge funds for part of its financial woes and said east Asian banks should reform to make better use of international financial

Faud Bawazier, Indonesia's finance minister, on Saturday said that currency speculators had helped to ignite the Asian financial

He was speaking at a UN meeting called to promote financial stability by co-ordinating policies of government, the United Nations and international financial institutions such as the International Monetary

sion of the UN Economic and Social Council, Kofi Annan, trauma people suffer during ability of the international



Kofi Annan: 'Macro-appregates do not capture the trauma'

UN secretary general, earlier warned that economic indicators did not reflect the

for efforts to diminish its

"Macro-aggregates do not are not remedied soon, the capture the trauma that world is headed for a series individuals and families of financial convulsions of have to undergo as a result of a crisis of this nature," he

Anwar Ibrahim, the Malaysian finance minister, said the recent Asian financial crisis had wrenched the inferno in a matter of months". "It's unfair, it's all

together unjust simply to blame governments... for the Mr Anwar said that the international financial architecture" was as respon-

sible for the crisis as national government. "If the fundamental flaws in the global financial system - such as the unpredict-

a financial crisis and called capital markets and the sys- are managed such that allotemic fragility of the interna- cation decisions are made tional monetary system -

Anwar. Mr Faud said: "International market players, it seems to me, must bear part of the blame for the financial crisis that has swept over region "from paradiso to Asia, because they poorly evaluated both the long-term economic returns of the projects they were funding and

short-term stability of a

short-term lending."

swamped

region

increasing severity," said Mr

Speaking one day after reaffirming Indonesia's commitment to reforms that were agreed with the IMF as part of a \$43bn international aid package, he said international financial resources could be used productively "if our financial institutions

on the basis of economic

Clare Short, British secretary for international development, told the session that globalisation was not an optional extra", and called for existing international financial institutions to work together instead of competing against one another. Among the participants at

the UN meeting were finance ministers from Algeria, Belgium, Colombia, Morocco, Pakistan and South Africa. International officials included senior diplomats.

Michel Camdessus, the IMF managing director, Sven Sandstrom, the World Bank's managing director. and James Michel, of the Organisation for Economic Co-operation and Develop-

CONTRACTS & TENDERS



REPUBLIC OF GHANA

DIVESTITURE OF STATE-OWNED ENTERPRISES STATE INSURANCE COMPANY OF GHANA LIMITED

REQUEST FOR EXPRESSIONS OF INTEREST FROM STRATEGIC INVESTORS

The Divestiture Implementation Committee (DIC), acting on behalf of the Government of Ghana, has appointed Sterling International Group, Inc. as consultants (the "Consultants") to advise in connection with, and ultimately to implement, the divestiture of the State insurance Company of Ghana Limited (SIC).

ENTERPRISE PROFILE

SIC was set up in 1962 and converted into a limited liability company in August 1995, pursuant to the Statutory Corporations Act of

The company's principal object is to act as insurers and re-insurers for general types of risk. Currently, SIC underwrites the following classes of insurance business: (a) life insurance; (b) non-life insurance (including motor insurance, marine and aviation insurance and fire insurance); (c) boods and guarantees for constructional works and other commercial purposes; and (d) re-insurance.

The company's premium income for 1996 was approximately 40 billion cedis*, representing 60.9% overall market share. SIC's market dominance is backed by an extensive marketing and distribution network of 14 area branch offices, 16 contact offices and 200 agents. In the period of 1993-1996, the company's premium income grew at an annual compound rate of 42.6%. The SIC privatization represents an attractive investment opportunity in view of the company's premier market positioning, the upside that will come from future improvement of operational and distribution efficiencies and the continued growth of the industry.

The divestinare of SIC involves (a) the sale of approximately 40% or more of the shares to a Strategic Investor (SI); (b) a further sale of shares to the public, and (c) the listing of the company on the Ghana Stock Exchange (GSE).

Interested potential strategic investors are hereby invited to submit letters of interest to the Consultants by close of business on Friday May 15th, 1998. Letters should contain:

(i) Description of the investor's activities; (ii) Details of ownership structure;

All inquiries and letters of interest should be addressed to:

(iii) Experience in managing insurance companies in emerging markets;

(iv) Current information on the investor's financial standing, including disclosure of networth; and (v) Description of the investor's network of affiliates.

Sterling International Group, Inc. Attention: Mr. Roger Jantio, Managing Director 1901 Pennsylvania Avenue, NW Suite 600

Washington, DC 20006 U.S.A. Tel: (202) 785 3500 Ext. 301 Fax: (202) 785 3505 E-Mail: Rjantio@SterlingUS.com

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The DtC and Sterling International Group, Inc. reserve the right to extend the deadline for the submission of letters of interest, reject any letter of interest without stating the reasons for doing so, or cancel this invitation.

Appear every Tuesday, Friday and Saturday. For further information, or to advertise in this section, please contact Marion Wedderburn on +44 0171 873 4874 or Fax: +44 0171 873 3064

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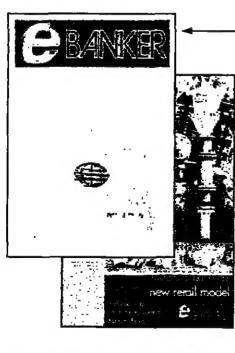
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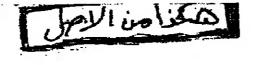
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il-for-food Blair heads off criticism on arms president, told his party annual conference in Data the IRA remain that the IRA remain that the IRA remain the IRA remain that the IRA rema

minister, yesterday sought to reassure sceptical Ulster Unionists on the sensitive issue of paramilitary arms, in the wake of Saturday's decisive vote by the party's ruling council to support the Northern Ireland peace deal. Mr Blair said the peace agreement not only

limit. On Saturday, the ruling council of the Ulster Unionist party, the largest pro-British party in Northern Ireland, voted 540 to 210 in favour of the deal. But party critics complained of the lack of a requirement for the IRA to disarm before Sinn Féin joined a future North-

demanded arms decommis-

sioning but also set a time

ern Ireland government. Mr Blair said on Sky television that a provision in the agreement meant parties not committed to exclusively prime minister had given an peaceful means could be assurance that progress



David Trimble: We need to know the terrorist compaign is over, is pen

removed. He said people had to be clear that what was happening was not a tectical game by the IRA.

David Trimble, the UUP leader, said there would be "no unreconstructed terrorists at the heart of the administration". He said the

first six months of the agree- the government, he said: ment, and that the transfer of powers from Westminster to make the assembly opera- manently over. That is an tional would not take place absolute and we're not going until the new year. This would give "plenty of time" Without setting decommis-

would have to made in the the UUP's participation in "We need to know the terrorist campaign is over, is perto fudge this and I don't believe that Tony Blair is going to fudge it either." His comments came as

thing out of it." said one.

The practice is more com-

mon at Lloyd's. One reason

may be that consolidation

among brokers has concen-

trated business supply to

Lloyd's in fewer hands, giv-

ing the brokers greater bar-

gaining power over under-

writers. Brokers find it

increasingly difficult to grow

revenue purely through

Aon says it works the

other way: a trend among

clients to want to pay fees

for specific services rather

than allow the broker to

take a commission has

resulted in a dilemma of who

should pay for the work bro-

kers carried out for under-

writers. It said remuneration

from underwriters repre-

transactional business.

"intact, strong, undefeated and undefeatable". However, Martin McGuinness, the party's chief nego-

annual conference in Dublin

tiator and usually a hardline voice, conceded that any change in Ulster's constitutional status depended on "the will of the majority in the northern state".

He said it was "a bit like a partner in a relationship saying that the relationship is over, but that he or she is willing to wait until the children are grown up".

Sinn Féin will meet again in the next few weeks, when the leadership is expected to recommend that the party endorse the deal.

But Mr Adams said that while republicans in Northern Ireland might be pragmatic, party members in the Republic could be more sceptical, particularly on proposclaim to the province in the

signing as a precondition to Gerry Adams, the Sinn Fein 1937 Irish constitution.

buyers are concerned this received while working for them

However, a survey of corporate insurance buyers by the Association of Insurance and Risk Managers this month showed fewer than

for many years. "If we've

Several big underwriters at Lloyd's dismissed the concerns. "We've always paid brokers brokerage and we'll continue to, says John Charman, a leading marine insurance underwriter and chief executive of Charman Underwriting.

bunded % change in RPIX)

BT asks rivals on corporate pricing proposals

British Telecommunications has taken the unprecedented step of seeking the approval of its principal competitors and biggest customers before introducing an innovative package of price discounts and services.

If the package, called Corporate Advance and set for launch on July 1, is accepted, BT's ability to "tailor" offerings to the needs of customers spending at least 25m (\$8.4m) annually with the company would be significantly increased.

It would represent a small but significant victory in BT's campaign to secure greater freedom from regula tory constraints in dealing with the large customers that provide the bulk of its revenues and profits.

Competitors, including Cable and Wireless Communications, the second largest IIK communications group Energis, WorldCom and Colt, are evaluating BT's proposals and were not prepared to comment. Some are clearly concerned, however, that although the changes BT is proposing seem innocuous, they could represent the thin end of a wedge through which BT would seek greater freedoms, which could prove detrimental to

fair competition. In a letter sent to customers in March, BT said: "Our vision is to move towards greater pricing flexibility for large customers because only when all suppliers, including BT, offer flexible types of pricing can there be said to be full competition in the UK. Corporate Advance represents a small but important first step towards

pricing flexibility." Under current regulations. BT, as the UK's dominant operator, is forbidden to tailor packages of products, services and prices to specific customers because of fears that it could exploit its ubigsented a small proportion of reduced the underwriter's vitous position and shut its costs, we want a share of rivals out of particular mar-Many Lloyd's underwriters that. The client shouldn't be kets. It is also forbidden to spend for discount purposes. Its competitors have these

> Corporate Advance will offer a 1 per cent discount to a total of £5m with the company, which rises by 0.5 per cent for each additional £5m to a maximum of 4 per cent. Oftel, the telecoms regulator, said it had been trying to persuade companies to get the best possible deal from BT and was monitoring responses to the scheme.

then those in work may

The MPC said in its most

recently published minutes

"The committee agreed that

the development of the

labour market data over the

next few months would be

especially important to

assessing the position of the

economy and the inflation outlook." A sudden rise in

average earnings, and the

MPC may feel the need to

The committee will get an

idea of the rate of inflation

when the Retail Price Inde

for March is published

tomorrow. Most forecasts are for the annual underlying

rate to stay unchanged at 2.6

The strength of retail

spending is a concern to the

Treasury, which is forecast

ing annual growth of

per cent.

again raise interest rates.

demand higher wages.

NEWS DIGEST

TECHNOLOGY

Information service will target financial analysis

Portfolio managers may no longer have to spend a morning trying to stop an unwanted currency report from jamming the fax machine, or ploughing through torrents of brokers' reports for one memo on the UK food packaging sector. Thomson Financial Services, the US financial information services group, has joined forces with former senior directors of Union Bank of Switzerland to develop a service which will help banks and brokers to target their research material and provide clients with tallored research. The group is believed to have made an initial investment of about \$10m in the system. which will enable research departments to reduce production and distribution costs for research products by up to £1m (\$1.67m) a year. Using Web technology, it aims to target and track client product and distribution needs via mall, courier, the internet or other electronic services, improving the flow of research from analyst to client. Emiko Terazono

INWARD INVESTMENT

Warning on Wales and Scotland

Wales could miss out on 70,000 new jobs over the next 10 years and Scotland 30,000 if direct investment in the UK by Japan and other south-east Asian economies dries up, according to preliminary results of an investigation into inward Investment by Business Strategies, the London-based forecasting group. Melanie Lansbury, senior economist, said: This projection is a worst case scenario, But already we are seeing a number of big investments being postponed - like Hyundal in Scotland, Samsung in the northern region and the LG semiconductor plant in Wales. Investment flows from the Far East economies have all but stopped. The question is: will they start up again?" Brian Groom

UNION RECOGNITION

TUC compromise expected

An effort to reach a compromise settlement over the controversial issue of trade union recognition can be expected after today's emergency meeting of the Trades Union Congress general council. John Monks, the TUC general secretary, will be seeking some latitude in his final bargaining position with the government over the proposed legislation. Union leaders remain committed to the introduction of a law enabling workers to have representation from a union recognised by their employer.But the TUC may be ready to drop its commitment that only a simple majority of those voting in any secret ballot would be needed to win recognition in all circumstances. Robert Taylor

EMPLOYMENT

Airline to create 15,000 jobs

British Airways is to create 15,000 jobs in the next three years. The airline said yesterday that 7,000 of the jobs would be filled over the next 12 months on the back of growing business at Gatwick and Heathrow airports. Most of the jobs which would be based at the UK's two main airports, will be full-time and for people aged 16 and upwards.



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Brokers caught between two payments

Fees paid by underwriters may lead to conflict of interest, writes Christopher Adams

he disclosure that commercial insurance brokers are receiving payments from underwriters as well as fees or commission agreed with clients raises several issues.

Most important, there is concern that these arrangements may lead to conflicts of interest: in primary insurance, brokers are supposed to act for the insured, not the insurer.

Second, is the question of transparency. Commercial insurance buyers are entitled to ask for details of the remuneration from under-

Third, for Lloyd's of London, which is dependent on brokers for business, such practices could raise the cost of net written premiums. of doing business. Many commercial risk managers could be unaware of the full may be inadequate.

Documents obtained by Another contract, between on arranging any reinsur- - the individual business the Financial Times show an insurer and J&H Marsh & ance the insurer wanted for units which underwrite risk. how commercial insurance McLennan, the world's big- the original business. brokers are remunerated by gest broker, outlined an J&H Marsh & McLennan

and service" fee. This was the volume of business equivalent to 7.5 per cent placed with the insurer. If



In this instance, where the contract applied to a broad DOOK OF DU extent of remuneration, and also agreed to pay 10 per cerned business from sperisk. One affect of extra volbe upset by it, which sug- cent of the portfolio's cific clients. The J&H Marsh ume-based remuneration

The strium of Lloyd's of London

agreement under which the A contract between Aon broker received payments ments for many years. But which had the established roup, the world's second from the insurer calculated some underwriters have pro-Group, the world's second from the insurer calculated biggest insurance broker, as a percentage share of tested that brokers are exertand an insurer contained gross written premiums. ing pressure on them to sign details of an "administration These increased along with contracts in exchange for

broker.

premiums rose to more than £500,000, the broker received 7.5 per cent.

gave the broker first refusal business on fewer syndicates Another contract, between on arranging any reinsur- - the individual business

contracts in exchange for access to business.

Commercial insurance

Trevor Humphries

Neither agreement con-

says it received such pay- to afford the payments and

absorb large risks. Codes of practice that

The beneficiaries would be big underwriting groups able

could lead to conflicts of interest: "It's a question of Payments made by underwhether the broker is taking writers, although not illegal. my business to an insurer may sometimes fall outside hecause it's the best deal for the normal range of commisme or because he gets some-

sion and be caught by a general principle that brokers should disclose them.

4 per cent understood the nature of the payments to brokers by underwriters. J&H Marsh & McLennan which recently revealed 5 per cent of its broking revenue did not come from the

client, says it is "more than happy" to discuss remuneration with customers. He says brokers have invested heavily in technology that has benefited underwriters by increasing efficiency. Such payments had been made to brokers

universal to the industry." Mr Gatewood says dealkept separate from those with customers. The extra remuneration does not relate to individual customers.

apply to brokers operating at Lloyd's require them to tell

gests rules on disclosure underwriting profit to the & McLennan contract also might be to concentrate ings with underwriters are freedoms.

clients of any benefits

UK ECONOMY PERFORMANCE IN THE SPOTLIGHT AS CLUTCH OF IMPORTANT STATISTICS AWAITS PUBLICATION

Week of data set to focus on pace of growth

By Richard Adams in London

A clutch of important economic data to be released during this week is expected less influenced by currency to give a strong indication of movements - has shown the direction in which the UK economy is moving.

tant piece of economic news will be released each day, beginning with this morning's publication of the government's public sector bor- per cent compared with the rowing requirement for the last financial year.

released on Wednesday, and

Friday's first estimate of economic growth during the first quarter of this year. The figures are published been hit by the appreciation

of the pound in the past 18

exports more expensive and 19K economy imported goods cheaper, reducing sales and profit margins for UK companies. But the service sector -

only a few signs of slowing down, leading some to An unusual combination expect growth during the of timing means an impor- first three months of this year may have continued to be as strong as last year. In the fourth quarter of 1997, the economy grew 0.5 previous quarter - slower than growth during the sec-The two most important and third quarters. But pieces of data will be the the annual rate of growth of labour market figures 29 per cent in the fourth long-term gross domestic product growth of about 2.25

per cent. If the first quarter repeats at a time of doubt over the the previous quarter's 0.6 revised. Last quarter's GDP ket statistics on Wednesday pace and direction of the UK per cent increase, the annual economy. Manufacturing rate will rise to 3 per cent - 0.5 per cent, then revised Statistics unveils its new and industrial output has possibly enough to set off down to 0.4 per cent, before monthly measurement of

97 96

making too much from

growth figures that are often

2.9 per cent in the fourth rates on the Bank of Jonathon Loynes, UK econo-quarter was still above England's monetary policy mist at HSBC, which is fore-

favour of raising interest a degree of scepticism," said Labour Force Survey. The

casting 0.6 per cent growth Analysts will be wary of by factor cost. The MPC may be more concerned about labour mar- last survey.

figure was first published as when the Office for National

first effect may increase the headline rate of unemployment: the percentage of the workforce seeking employ-

cent were out of work and claiming unemployment benefits in February.

ment was 6.6 per cent in the In contrast, just 4.9 per

between 3.75 per cent and 4 per cent this year. March's sales figures, released on Thursday, may be distorted

alarm bells in the City. A finally being revised up to unemployment. The MPC remains conspeeding economy may tip 0.6 per cent. The markets The ONS will publish the cerned that unemployment of the pound in the past to spooning the balance towards those in may treat this first stab with on-going results of its is at or below its non-infla- by the timing of Easter.

liams, chief executive of the building societies wanting to not simply a matter of a tem- staying out of Emu will also once economic and monetary loss to UK exports and nite time." A debate about

Structure of UK economy 'may hinder Emu entry' people outside banks and the single currency. "This is But the report warms that Mr Turner said: "I think

The UK may have to wait 15 an economics think-tank.

select committee by the Centre for Economics and Busi-tal Europe," he said. UK economy presents fundainterest rates were to fall to tions are satisfied.

Professor Douglas McWilyears before being ready to author, said the UK economy said Prof McWilliams.

A report presented to the have the same financial policining the single currency. is in favour of the principle to be reduced by around four One example was in the of joining Emu, but only if a percentage points by the end

makes it very difficult to reduce the costs to the UK of and continental Europe."

CEBR and the report's take out bigger mortgages," porarily different cyclical hurt the UK Remaining out union is launched, or even position but of a much more of the euro-zone means UK perhaps later this year, we years before being ready to a much more reliant on the report said changes deep-rooted difference in ecojoin the European single cutrency, the Treasury select
financial markets and prisuch as increasing stamp
nomic structure an cultural
pate in the resulting ecodebate in Britain about rency, the Treasury select vate sector borrowing. "It duty and council tax might attitudes between the UK nomic restructuring. The whether we should set a defi-

mental problems in signing up for European economic and monetary union (Emu).

Les Sault 1 at European by the queues of an economy is far from converging with other members of around £16bn annually.

Ley might eventually knock 2 try, said he thought the UK Zone. CEBR, 9-12 Base European by the gueues of ing with other members of around £16bn annually.

Ley might eventually knock 2 try, said he thought the UK Zone. CEBR, 9-12 Base European by the gueues of ing with other members of around £16bn annually. TO THE

If the UK were to join now, inward investment might be joining might help bring icy compared with continen The government has said it its interest rates would have 28hn, or 1 per cent of GDP, down the level of sterling to by 2005. ness Research said the financially-based structure of the cially-based structure of the control was a structure of the con inappropriate monetary pol-federation of British Indus- of Staying Out of the Euro

Yesterday Adair Turner, tainable level".

a "more sensible and sus-

INSIDE TRACK

PROFILE HEINRICH VON PIERER, CHIEF EXECUTIVE, SIEMENS

A strategist who has everything to play for

Stefan Wagstyl and Graham Bowley on the engineering group boss who believes expansion is good for both workers and shareholders

electrical engineering group, still believes in one of the oldest principles of German management: that there is no contradiction between the interests of workers and shareholders.

"Only a profitable company jobs," says Mr von Pierer. "Only well-motivated people can earn good profits. These are two sides of the same

But, as he is the first to admit, he is finding it difficult to put this philosophy into practice in the competitive business environment of the 1990s. He often finds himself appearing on the political pages of German newspapers defending the company from workers' criticism while at the same time being quoted on the financial pages explaining the some decisions in terms shareholders will understand. Not for nothing has he earned a reputation as a conciliator and Chancellor Helmut Kohl's favourite

Mr von Pierer, a tall, athletic man who plays tennis "to win". dismisses suggestions that Siemens is reacting too slowly to the fast-moving shifts in the global business environment of the 1990s. "This company has changed more in the last three years than it did in the previous 50 years," he retorts. rattling off figures to back his

He describes the changes he has pushed through Siemens' sprawling empire since taking office in 1992; he has sold busisses with a combined turnover of DM7.5bn (\$4.1bn) and acquired others with total sales of DM13bn. And "this is not the end of the story".

He has closed more than 30 smaller operations and reduced the Siemens workforce by 60,000 to 386,000, strikes and demonstra- better.' tions notwithstanding. Moreover,

Heinrich von Pierer, chief Germany, where business leaders executive of Siemens, the are under political pressure not to upset the economic and social

> But Mr von Pierer knows he in the synergies of the group," he has some way to go before he can claim victory.

Satisfying workers and shareholders is hard enough but even more urgent is the need to respond to global competition. Without more profit the company will be unable to finance its international expansion fast enough to keep up with rivals Mr von Pierer insists that, in spite of recent setbacks such as the economic crisis in east Asia, he aims to meet his self-imposed

divisions, is more than the sum of its parts. He does not believe, that the company should, as some analysts have proposed. spin off parts, such as the medical equipment operations, that have required extensive restructuring in recent years. "I believe

Siemens executives argue that. although the group is often seen as a conglomerate, almost all businesses are in electrics or electronics. Moreover, in infrastructure-related equipment, which accounts for a big part of turnover, sales in one division often lead to sales in another, particularly in developing countries. "This is a real strength for us," says Mr von Pierer.

Mr von Pierer concedes that in

'Only a profitable company can secure jobs...Only well-motivated people can earn good profits. These are two sides of the same coin'

target of return on capital of 15 per cent by 2000. This compares with less than 10 per cent in the year to last September.

Investors are impatient. Although Siemens' share price has doubled in the past five years, it has fallen by nearly 40 per cent against the German market. Swantje Conrad, analyst at J.P. Morgan, the US bank, in London, wants to see more action. There is currently no evidence that Siemens is actively considering a radical refocusing of the company. There is a significant risk that the degree of restructuring may not go as far as many investors want.

Another analyst says: "We just doubt Siemens management can really prioritise time and allocation of capital among the different groups. If it were split up then management could focus

many of the cuts have come in strategy remains the belief that trial activities of Switzerland's

the past Siemens has dissipated its strength by spreading itself too thinly. That is the reason for his recent disposals. The company's divisions must be "market leaders", he says, occupying first, second or third place in global markets. Already companies accounting for two-thirds of the group's DM107bn turnover are in such positions. The aim is to raise the proportion to 80 per ceut within three years.

Successful divisions are being

bolstered by investment and acquisition. In semiconductors. Siemens has spent DM2.8bn on two new chip plants in the UK and the US (the second a joint venture with Motorola). In medical equipment it has backed the development of new forms of ultrasound equipment. In buildbusiness struggling for market share into a world leader by the

Elektrowatt. In power generation, it beat powerful rivals in the race to buy, for \$1.5bn, the generation unit of Westinghouse

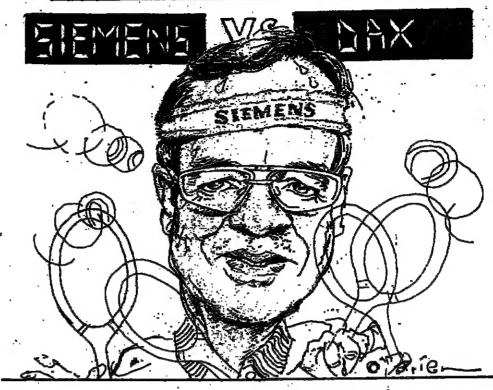
At the same time, Mr von Pierer is trying to reduce Siewhich the company's critics have long seen as a weakness. In the next few years, he wants to reduce Germany's share in group turnover from 35 per cent to 25 whole should fall from 65 per cent to 50 per cent, with expansion coming mainly in North and South America, as well as Asia.

Mr von Pierer believes Siemens is more adventurous geographically than its critics recognise. He is irritated by negative comparisons with ABB, the Swiss-Swedish engineering group, which is often seen as a model of a globalised multinational. "We have more people in Asia than ABB," he says. In Russia the group operates from more locations than any other western company except Coca-Cola.

A crucial challenge is retaining the confidence of the group's German workers, after heavy job losses. No further big reductions are planned, but over the next five years "the tendency will be for further decline". Mr von Pierer says.

The company is also reducing the costs of those it retains, introducing flexible working patterns. With nationwide concern about unemployment, Mr von Pierer finds trade unions more willing to accept plant-by-plant deals. Siemens has recently won from IG Metall, the metalworkers' union, an agreement for flexible working that will reduce costs by up to one-fifth.

He insists the expansion of overseas production should not be seen as a threat to German jobs. Factory posts in China, India, Russia and elsewhere create software engineering posts in Germany, he says. Thus, in Mr ing automation, it has turned a von Pierer's view, globalisation is as good for workers as it is for shareholders. The demands of the The core of Mr von Pierer's DM3bn acquisition of the indus- two sides of industry can be balSIEMENS / DAX



THE ESSENTIAL GUIDE TO HEINRICH VON PIERER

Life: Born in Erlangen, Bavaria, January 1941. Studied law and economics in Nuremberg and Erlangen. Joined Siemens' legal department directly after university in 1969. By 1977, he was working in Siemens' power plant division. In 1989, became a member of the main Siemens board. Appointed chief executive in 1992. Training as a lawyer and an economist ma him unusual in a business where the engineer dominates. The first non-technicism to head Siemens. Reputation: A man with a formidable contacts book. An establishment figure. Has a reputation as German politicians

izvourite menager, close to Chancellor Helmut Kohl, and a regular tennis partner of Gerhard Schröder, Mr Kohl's challenger in the autumn national elections. A conciliator, like Mr Kohi, in the tradition of Germany's consensus system. A family man (he has three children). Dabbled in politics: many years as local politician in Erlangen for the CSU and in 1976 stood (unsuccessfully) for German national parliament.

Hobbies: Tennis (was Bavarian youth champion). Bossts that he has never lost a match - atthough colleagues doubt this is true even when important customers

are on the other side of the nat. Skis in Austria, hikes in Switzerland, Occasional visitor to Mr Kohl's holiday retreat. Favourite food: Vanilla ice cream. Way of doing business: "Very customer-orientated. Whenever asked to give a talk, always asks which customers will be there to listen," says one colleague. Known as thorough and disciplined. "Like a terrier. He gets things done." But, less kindly, he is criticized for not making radical changes at Siemens (job cuts) because of his iriendship with Mr Kohl, Jack Welch famously described Siemens as an employment agency.

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LUCY KELLAWAY

The consultant's tale

asks the questionnaire at the

Partnership Report put out

motivation was not exactly

generous. It was to confirm

that this audit of the Co-op's

ethics was yet another case

The front cover of the report is predictably pc: an identikit picture made up

mainly of the old, the female

and the ethnic. On the back

is the news that no trees had

been felled to bring us the

recycled paper from post consumer waste (whatever

totally chlorine-free process.

But inside these covers I

found more to admire than

to mock. For years the bank

has elected to make morality

its unique selling point; this

measure how much it lives

up to its fine words. There is

report is an attempt to

information about how

much it pays its workers.

how many ethnic minority

people it employs, who it declines to lend money to,

besides. Not everything is

and much, much else

report: apparently it was

printed on 100 per cent

that might be) using a

of moral one-upmanship

A new branch of management training uses the power of storytelling in an effort to improve communication

back of the 90-page

Co-operative Bank, My

last week by the

Once upon a time there was the report in the first place?" a management consultant. He was a man of talent, with a genius for making companies part with their money. He had a friend, whom he loved dearly: Yet his friend was not happy. He wanted to be a famous writer, but so far had met with nothing but failure. "Nobody will publish my stories. What shall I do?" he

"Don't worry", said the consultant. "My clients will buy anything. I'm sure they'll love your stories." "But your clients are big businesses. What will they want with my ramblings?"

"Leave it to me," said the I have written this story to share some exciting news: a brand new branch of

management training is born. Today and tomorrow a group of business people will gather in a hotel in Bedford (having each paid £600) for a conference called The Power of Story in Organisations. They will learn how to tell

stories. They will find out how The Body Shop is using stories to make its communications more human. They will learn how

stories can help them dream up great visions. They will learn about "the ancient and archetypal wisdom of the story, which can act to bring soul and spirit to impoverished organisational It strikes me that

companies know more than enough about stories already. Think about your average internal memo explaining redundancies or the chairman's statement that accompanies a big drop in earnings. I would agree that organisational lives tend to be impoverished, but that has less to do with ancient wisdom than with the fact that work is dull and colleagues moan all day.

"What motivated you to read

positive: the Co-op did not recycle one single tin can last year, whereas NatWest recycled loads.

I could not be less interested in how much recycling the Co-op bank does. Indeed, it is possible that by expending so much effort on trivial details they are distracting attention from the Goody-Goody Bank. from issues that really matter. Yet the Co-op and its "partners" apparently care about tin cans; the report contains a commitment to

more recycling in future. A world in which everyone made as much fuse as the Co-op, about how good they are, might be a tiresome place to live in. Yet it would be nice if others followed the bank in giving us a few facts to back up the moral claims they make - for instance, people being their most valuable asset - rather than relying on the ancient and

As I waited for a tube last week to take me to work I found myself face-to-face with Nicola Horlick. Not the real thing, but a giant mug shot on a poster advertising Société Générale's fund

archetypal craft of the story.

management arm. The text said that if you put your money with Nicola and her team you would get a First Class Return, which I assume was a clever pun. This must be a first: advertising financial

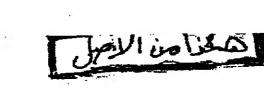
services on the basis of the personalities of the fund managers. The norm is to scrabble around to find a performance measurement that shows the fund in question to have done better than some index, with the result that all fund INSUSSEMENT adverticements are boring, and all look the same. SocGen's competitors face the problem that there is only one personality in fund management that anyone has heard of, and her name is Nicola Horlick. But they should not despair. Growing their own personalities is easy. The critical ingredients are a senior woman, a tantrum. more press interviews than hot dinners, and a book telling us all about her.

WARKETING

. .

It doesn't matter how skilful she is at beating the market: what Horlick is really good at is getting new business. This makes the advertisements on the tube somewhat circular: you should give your money to her because she is good at getting your money.





The state of the s

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Upmarket hotels are increasingly willing to turn over their entire premises to companies - for a price. Kate Bevan reports

Cliveden, the Astors' Getting away from the country seat in Buck-hassles of the office to hold a inghamshire turned upmarket hotel, will always be remembered as the setting for the Profumo affair of try Association, 49 per cent the early 1960s. John Pro- of business meetings and fumo, the then war minister, partied by the pool with try house hotels. The result Christine Keeler, who was is that many properties are simultaneously having an affair with a Soviet attache. thus compromising western security and leading to Profumo's downfall.

They met through Stephen Ward, an osteopath who rented a cottage on the Cliveden estate from the late Lord Astor. From next 10 and 100 delegates, month, that cottage will be available to those organising meetings of a rather different nature.

"We don't play it up, but at the same time, we don't Cliveden offers the same play it down, either," says Stuart Johnson, Cliveden boardrooms, while the general manager. The rano- Lygon Arms, a 16th-cantury vated Spring Cottage will inn in the Cotswolds. comhave two bedrooms and a petes on the same level with spectacular meeting room under a gothic domed cailing, and is the latest move by English hotels eager to grab a slice of the lucrative

meeting is increasingly popular. According to a survey by the UK's Meetings Indusconferences are held in counturning their attention to this sector of the market by upgrading technical facilities and vying to offer the best deals and extras.

For example, the Royal

Crescent in Bath, sister hotel to Cliveden, boasts two "boardrooms", for between equipped with slide projection and large-screen video screens, dedicated telephone and modem lines and computer presentation facilities. level of technology in its two meeting rooms for up to 80 conference-goers.

As getting away from it all

Grange, a country house hotel on the green Kent outskirts of London, offers its Clockhouse Suite, a self-contained facility converted from an old stable block with its own kitchen, bar,

and conference room. None of this comes cheap. The 24-hour delegate rate at Citveden is £245, plus VAT, which includes use of the meeting room, a bedroom, meals and use of the leisura facilities; while at the Lygon Arms, a similar package is £185 plus VAT.

Yet particularly for high-level meetings, companies are prepared to pay up. according to Richard Pavitt. a conference and meetings consultant. "They need an atmosphere that stimulates objectives and they choose a place that will help them achieve that," he says. Some hotels will go even

further and turn over the entire property for a meeting. Exclusive use does have logistical problems: "I'm so busy I couldn't guarantee exclusive use of my 30 bedis the object, many also have rooms in the near future, exclusive meeting space in says Nigel Young, general separate buildings: Rowhill manager of Rowhill Grange.

the Royal Crescent and Chveden are happy to devote all their facilities to one At the Royal Crescent, a

company can have the run of the 45-bedroom hotel, includ- importantly, a quiet and ing the separate Pavilion suite - "companies put the chairman here," remarks general manager Ross Stevenson - for an overnight rate of £16,440 for double occupancy of the rooms, plus an agreed daily spend on food and drink.

Other properties go fur-ther still and operate solely as an exclusive-use venue.



a private house set 300ft above Windermere in the Lake District, offering 10 bedrooms, conference rooms with all the expected hightech gadgetry and most comfortable place to think important thoughts.

The Samling - the name is an Old Cumbrian word meaning "a place to gather"
- is the brainchild of Roger McKechnie, the man who came up with Phileas Fogg snacks. With a large cheque in his pocket from the sale of his company to United Biscuits, he noticed the house while sailing on the lake, and spotted its potential as a

venue for private meetings. Hever Castle in Kent, bestknown as the childhood home of Henry VIII's second queen, Anne Boleyn, also offers exclusive use. The rather unfortunately named "Tudor Village" may conjure up images of a theme park, but the facilities - at a 24hour delegate rate of £210 utility and chemicals compaa year, of which 80 per cent could become even more are corporate, ranging from popular.

mling at Dovenest is a small lunch to a four- or five-day meeting. Hever Cas tle can manage up to 70 delegates at a non-residential meeting, and has 20 bedrooms for up to \$6 people for an overnight event, "We've been doing it for 12 years, but I think it's more focused now," says Mr Allton. It's switched away from being a 'jolly' in the past five or six

Mr Allton says one thing in particular has changed: "There are fewer events that include partners." However, hotels lay on a wide range of extras to keep partners happy. The Royal Crescent has a hot-air balloon and is due to open a luxury spa. Cliveden has two riverboats which will take partners on shopping trips to Marlow -"Bond Street on Thames", as general manager Stuart Johnson calls it - and a purpose-built spa next to the swimming pool. Rowhill Grange also has an on-site spa with beauty treatments, saunas, therapy and swimplus VAT - regularly attract ming pools; while the Lygon international blue-chip oil. Arms has similar spa facilities as well as golf, fishing, nies. Robert Allton, Tudor and helicopter flights. With Village manager, says the frills like that, getting away venue hosts about 200 events from the office for a meeting



Business jet passengers to tune in on board

Live television will soon be available on business jets. Passengers flying over the US will be able to tune into channels including CNN, Bloomberg Television and ESPN Sports.

Kansas-based aircraft manufacturer Cessna will nstall the relevant technology this month on a Citation X jet due for delivery in October. Two aircraft already in operation have been equipped. Pictures will be picked up by a satellite dish on board. Programming will be provided by DIRECTV, the service, which has also be conducting trials with Delta, the US airline. It is hoped that vailable on flights over Latin America, Europe and Asia.

Delegates told to eat in and pay up

Delegates at UK conferences are being pressed into during at their hotels because hoteliers are refusing to cut rates for those who eat out. Penny Thomas, of conference reservations specialist Banks Sadler, says: "They are either saying they won't knock anything off at all or only allowing delegates £5 or £10, which hardly covers the price of eating at an outside

On flights from the UK to North America, Asia and Australia the picture is even more bleak, with a two-vea jump of 25 per cent. American demand and stretched amport capacity. But on routes from the UK to western Europe, where airlines face intensified competition, the average increase was only 12 per cert over two years. Economy and discount leisure fares have hardly moved during that period, German and French business travellers have fared

much better. They paid 2 per

respectively 9 per cent and 11

per cent more than two years

cent more to fly business

class in the first quarter -

restaurant." She reckons 40-50 per cent of hotelers are resorting to such tactics.

reflecting the current heavy

pay the full room rates.

Tickets bought

The price of a business class

three months of this year than

anywhere else in Europe, says

American Express in its latest quarterly review of travel

costs. The price rose 3 per

cent on average, taking the

per cent.

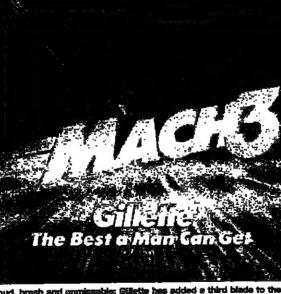
increase over two years to 21

air ticket bought in the UK rose more rapidly in the first

in UK rise 3%

demand for facilities, which is also promoting a growing number to insist delegates

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Loud, brash and unmissable: Gillette has added a third blade to the cartridge of Mach3, its latest wet-shave rezor

MARKETING NEW PRODUCT LAUNCHES

At the cutting edge

Innovation and marketing are the key to success for Gillette and its latest razor reflects this formula, says John Willman

tion has long been recog- to stretch the skin taut. nised as one way of staying ahead of competitors. Another is marketing. Gillette, the US company that dominates the global shaving products market. attempts to combine both.

Last week it announced Mach8, its latest wet-shave razor, which it expects will capture more than a quarter of the market with claims of a closer shave with less skin irritation.

The Boston-based company has invested more than \$1bn (£600m) in the new product, including a \$300m advertising budget for the first year alone.

In return, it hopes to persuade shavers to pay onethird more for their product to maintain double-digit earnings growth.

The higher price is justified by the performance increment and makes it compatible with Gillette's financial goals," says John Darman, the company's vice-president of male

shaving. Gillette has launched a twin-blade razor, Trac II, in a pivoting head and in 1990 starting, 10 cartridges are interest users, spending an a pivoting head and in 1990 statement second, each average of 275 a year on similar product markets.

In the world of blades promised an even fast-moving concloser shave. The Sensor sumer goods, innova- later added rubber microfins

Sensor produced sales of \$6bn worldwide, selling years with Sensor. almost 400m razors and more than 8bn blades. It has helped Gillette establish dominance over the wetshave market in North America and western Europe, with 70 per cent of sales. Mach3 adds a third blade

to the cartridge, and 35 other features and elements. These include a diamond-like carbon coating on the blades which makes them thinner. and a lubricating strip which deposits vitamin E on the skin and changes colour when empty to remind the shaver to replace the car-

"Rach of these is protected by patents, making it next to impossible for competitors to copy," says Bob King, head of the company's North Atlantic group, which covers the US and western Europe.

will be the second Gillette has installed a probiggest brand by a large duction line to reduce unit margin." costs on its more complex new product. Using advanced robotics, it makes razor about every nine years the cartridges in a continusince it introduced the first ous process similar to that technology. An increasing used in bottling soft drinks. With no stopping and

checked by computer. Output will be 600m a year from the Boston plant, which will double to 1.2bn when production begins at Gillette's Berlin factory. This will allow Mach3 to be launched in more than 100 markets by the end of next year - a rollout that took more than four

The company expects Mach3 to attract millions of new users from competitors. But three-quarters of those who buy this latest product will already be Gillette customers - including people using the company's disposable razors.

Pre-launch market research, says the company. shows consumers are willing to pay the \$6.50-\$7 price (about £4) for a razor and two cartridges. Unlike most other makers

of consumer products, Gilolder products when it introduces the latest generation.
"We're still selling brands that are 25 and 18 years old," says Mr Darman. "Mach3 will soon be number one in every market, with a 20-30

per cent share. But Sensor

This approach recognises that many consumers are unwilling to trade up every

shaving tackle; gels and after-shave lotions But the typical "low interest user", with a pack of dissables and a can of ownlabel shaving foam, has to be

persuaded to raise his

annual spending of £16.71. Maintaining older generation equipment also allows the company to lead on different technologies in different markets. On the marketing side, however, the same campaign will be rolled out

Devised by advertising agency BBDO, it offers a package of television, radio, print and poster advertise-ments that all play on the supersonic theme in the Mach3 name. Loud. brash and unmissable, it hammers home the message that the new product breaks through the performance barrier with three sonic booms in the

Gillette says it is also looking at the female shaver. In 1992, it introduced Sensor for Women with a different handle. It would not say last week when its female customers would get a third blade, but promised a new product in due course.

And for the men, work is already under way on the attempts by US airlines at next generation razor. The company aims to maintain its dominance by continuing time Gillette improves the an innovation strategy that has largely excluded the own-label producers and cutprice copycats that have seats a day," says Mr been so successful in most Walker. Another reason is by the company as "high price copycats that have



TIM JACKSON

Flying start for ticket bids

PriceLine is spending \$20m to publicise its business, matching unsold airline seats with customers keen on a cheap fare

dominated by a single

system.

carrier or pair of carriers,

travel agency distribution

and are tied firmly into the

By using only the basic

database infrastructure and

establishing itself as a rival

PriceLine saves airlines an

average of \$3 per flight or

'leg" of a journey in CRS

cent of ticket price in agency

Mr Walker, who founded

the company two years ago,

says it took a year to get

biggest obstacle was their

cannibalisation of higher

discrimination separates

travellers by requiring 21

days' advance booking for

The airline and CRS

airlines to sign up. The

worry that the bidding

system would lead to

fares. The industry's

leisure from business

standard price

cheap tickets.

charges and up to 10 per

distribution channel,

Not many internet start-ups can boast that their first month's advertising budget is \$20m (£12m), But PriceLine, the "buyer-driven commerce" business launched in Connecticut last Monday, is no ordinary startup.

PriceLine invites air travellers to say where they want to go and when, and to make a binding "bid" on an air ticket using a credit card This bid is checked against PriceLine's database, where airlines record what seats they are willing to offer at what prices. If there is a match, PriceLine notifies the customer within an hour that the ticket has been

won". This may sound similar to the online auctions covered in this column over the past three years. In fact, a story in the business section of the New York Times last week lumped PriceLine in with other auctions. (I should declare an interest here in a European online auction

Thanks to computerised

reservation systems (CRSs),

Atlantic will carry

passengers paying 20 or

more different prices. So

implement such a system

themselves? Jay Walker,

founder of PriceLine, offers

several reasons. One is that

price discrimination remain

crude. "Even at a time of

all-time high profitability

they're still flying with 30

per cent of their capacity

unsold. That's 600,000 empty

why can't the airlines

principle.

executives that Mr Walker brought in as consultants and non-executive directors But PriceLine is different. solved the problem by Instead of operating in a crafting a package to satisfy segment ripe for consolidation, such as the airlines' concerns. Customers can make only computer brokerage, one bid for a given route on PriceLine has chosen an a given day - and PriceLine industry where selling the can enforce this rule by same product to different rejecting repeat bids from the same credit card, address customers at different prices is already an established or passenger names.

To make it even harder to find out each airline's bottom price, PriceLine allocates seat sales in the average flight across the rotation between airlines on a given route, so that the next successful hidder is likely to travel on a different airline with a different stopover. This prevents a family probing for the best price, member by member. PriceLine tickets are

heavily restricted. There are no refunds (except the standard discretionary waivers such as death in the family); no frequent flyer miles; and no choice of routing or airline, though PriceLine promises not to fly you more than 25 per cent

further than the shortest direct flight. These limits help to reassure airlines that buyers of low-cost tickets are truly open to any carrier, and not merely their own

loyal customers paying less. Because buyers get only one bite. PriceLine can also operate a 1-800 phone service that would be uneconomic for an online service allowing repeat bids. As a result, it has positioned itself as a mass consumer service, and it advertises in the mainstream media. (Mr Walker says the company will be America's biggest radio advertiser this month.)

The company's \$20m first-month spend on advertising is evidence of strong stomachs among PriceLine's backers. The company has raised a total of \$25m from a handful of individuals. It already has 100 employees, based in Stamford, Connecticut.

The company claims to have signed up five of the eight largest domestic US airlines, and says it has

100,000 seats available every day. Mr Walker says the web site, www.priceline.com. received one million individual visits during its first week. However, he will not be drawn on ticket sales so far or indicative prices. According to Mr Walker. air tickets are just the first of many services that PriceLine will offer. Its next venture, due for launch in the summer, will be a

bidding system for new cars The air ticket service is a great start. Although it falls short of a fully-fledged bazaar of the future", it will introduce more subtle price discrimination into the marketplace. My guess is that it will also lead to the end of the artificial distinction between busine and leisure travellers. Today, companies choose to hold some meetings by phone or videoconference to cut the cost of air travel. Tomorrow, less important meetings may still be face to reached by roundabout routings and low-cost

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Financial Times Surveys

Greece and **South East Europe**

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FINANCIAL TIMES No FT, no comment.

Keeping open the winter channels of communication

Andrew Baxter on how Finland is finding new ways of conquering an inhospitable climate

a late return to much of least some of the 50 ports along its 1,500km coastline are kept open. The northern ports are the never left - and will not for a few gateways for the steel, forestry

Gulf of Bothnia, which separates largely to the encouragement of Finland and Sweden, are still ice- the late president Urho Kekkobound, and for anyone who has not travelled across a frozen sea. it is an eerie experience. At first the environment seems friendly enough as the icebreaker Urho passes scattered inshore islets west of Oulu. You can wave to fishermen, their cars and vans \$25m (£15m) a year on running parked on the frozen surface.

But as the weather closes in and the icebreaker moves into been "mild" - the last "hard" one open sea and thicker ice, this was 1986-87 - but even the Urho, temporary terrain appears whose 22,000 horsepower engines increasingly threatening. The pack the same punch as an averonly sign of human activity is the path of a previous icebreaker, which stretches out in front.

the ice, deep cracks spread outwards from the boat and the container tanker it is towing, briefly revealing water behind the shins before the ice floes reunite. When the temperature drops to minus 20°C in deepest winter, you could walk across the route within 30 minutes of a ship passing.

Finland takes almost masochistic pride in being the only European Union country to be completely icebound every year apart from one port in the south, Hanko, which is occasionally reprieved. Some of the northern ports are icebound from October

Wintry weather has made export-oriented economy that at and other industries built up in The furthest reaches of the the region since the 1970s, due

> Finding new ways to tackle this task is a priority for shipbuilders and suppliers, shipowners and the Finnish Maritime Administration, which spends costs alone to keep 23 ports open during the winter. This year has age VLCC (very large crude carrier), gets in a fix sometimes.

As the Urho's bows crash into moves the ice more, creating open-sea ridges that can stretch several metres below the surface. Last month the Urbo, largest of Finland's eight icebreakers, hit each year, but we still have to such an obstruction while escorting two tankers. "We came to a halt but the first tanker, which was 1km behind us, could not stop in time and went into us," Captain Raimo Rintala reveals. "There's a small hole in the starn which we will have to repair."

design have yet to move beyond the drawing board or laboratory test tank. Normal icebreakers

channel for a bigger vessel. But Göran Wilkman, arctic technology project manager at Helsinki, has developed a patented solution known as the

"oblique icebreaker". Three bow propulsion units, facing different directions, would shuffle the icebreaker forwards and sideways, creating a wider channel and saving money for the shipowner. The concept is in preliminary stage but tests have gone well.

Other ideas are already in use. Conventional icebreakers are rel- ber of ice-strengthened ships is

Finland takes almost masochistic pride in being the only European Union country to be completely icebound every year, apart from one port in the south

shallow in the water, so they are little use in open sea, where they tend to roll badly. "The ships rest in port for seven to nine months pay some of the wages." says Pekka Väisänen, head of information at the meritime administra-

In the early 1990s, the administration came up with a solution: the dual purpose icebreaker. It commissioned from Finnyards, the shipbuilder, two vessels with the rear narrower than the front, sharply improving handling in open water. The Fennica and can only cut a path as wide as Nordica, delivered in 1993 and themselves, so two have to be 1994 respectively, spend their It is crucial for Finland's used together to create a winters icebreaking in the Gulf of

In mild winters the wind atively wide, or "beamy", and increasing, and some newer tankers and roll-on/roll-off ferries can handle 1.2m of ice unaided. But harsh conditions.

ing offshore oilwells.

Most icebreakers have had extra propellers in the bows for a century or so - the increased water flow washes and lubricates the forebody of the ship, and it is easier to break the ice. But tests have shown that the best way to get through the ice would be to have all the power in the bows. And when the going really gets tough for Arctic icebreakers that fitted only with aft propellers, they turn round and "run astern". So why not do the same for

other ships? Enter the double act-

Bothnia and summers doing pipe ing tanker (DAT), which operates installation and other work in normally in open water but turns the North Sea. A third dualround quickly to run astern through ice. The concept is the purpose icebreaker, the Botnica. result of development work by will be delivered this year. It will be the first such vessel to be KM-Y, and has been tested on equipped with a derrick, and a two converted tankers, the Uikku and Lunni, which are owned by Nemarc, a joint venture between hole in the bottom, for overhaul-Another approach is to try to KM-Y and Neste, the Finnish oil do without icebreakers. The num-

and energy group.

Results have been encouraging. In tests running stern first two years ago, the Lunni got through a 15m ice ridge unaided. No purpose-built DATs exist yet, but KM-Y has developed designs for 40.000 deadweight tonnes (dwt) and 90,000dwt models.

The concept could have implications for exploiting the largely untapped oil and gas reserves of the Barents Sea and the Russian western arctic. Neste wants to use DATs to convey Arctic crude oil, and the concept could provide an alternative to pipelines in some regions, says Juhani Laapto. Neste's vice-president for ship management, KM-Y, Neste and Gazprom, the Russian gas monopoly, have signed a letter of intent for one 90,000dwt DAT vessel, and Mr Laapio says an order could be placed later this year. All these ideas raly on a rudderless method of propulsion known as azimuthing, introduced 20 years ago on tugs and other bility. The electrically driven propeller is mounted on a shaft that rotates through 360°, so that the unit can face in any direction.

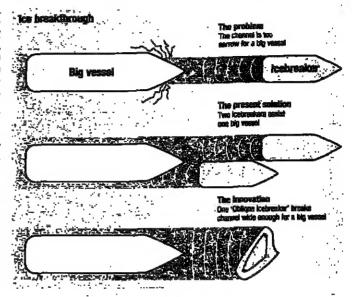
Without aximuthing, running astern through ice would be impossible. The rudder would have to be locked to prevent it being torn off, says Mr Wilkman,

and there would be no steering. But the DAT and the oblique icebreaker will take this further by using Azipod propulsion, developed jointly by KM-Y and Asea Brown Boveri at the end of the 1980s. The electric motor is located in the propeller pod rather than in the vessel, increasing efficiency by reducing the need for gears and long shaft lines. "In an icebreaker, there will be much less vibration

through the ship than with conventional propulsion," says Mr

Getting through the ice also depends on having the right materials. It is not only a question of having extra-thick steel panels, like the 38mm grade used on the Urho. Rautaruukki, the Finnish steel company, has been at the forefront of developing steels that stay ductile at temper-

atures as low as minus 60°C. In future, research will focus on improving the weldability of these steels, says David Porter, the company's research manager for physical metallurgy.





Natural solution to cracking problem

Geotechnical knowhow has found that the road to preventing frost damage is paved with peat

is a big but less obvious problem on land, writes Andrew

coming to the rescue.

The severity of the winter and swings in annual temperature, a relatively high groundwater level, and soil types that are par-ticularly susceptible to frost lead to a phenomenon known as frost

While a frozen sea is most visible sign of Finland's annual environheat and water transfer in frozen
and partially frozen soil that is While a frozen sea is the This movement of the subsoil covered by snow or ice.

Frost can penetrate to a depth of 2m-3m, and as the ground from the steel industry, can be thaws in the spring, its load-bearing to damage buildings, roads and other structures.

Insulation to reduce heat flow is the key to preventing this, says Kauko Kujala at the University of Oulu's geotechnical laboratory in northern Finland. This is relatively easy to achieve with cern about its use as a fertiliser

ger problem for roads, where cracks can be expensive to

The challenge is to find materials with low thermal conductivity that can do the job cost-

effectively. Sand or slag, a waste product used. But for several years the use of sod peat as a frost insula-

tor for roads. For environmentalists in the UK, peat is a sensitive issue. Friends of the Earth held demonstrations outside garden centres last weekend amid growing con-

houses, he says, but a much hig- and the consequent threat from peat extraction to wildlife habitats. But in Finland there is plenty of the stuff.

"Peat is light and its thermal conductivity is low," says Mr Kujala. "It is very promising as an insulator for minor and coun-

try roads." Test roads have been built with a 400-600mm layer of peat under and a design code has been devel-

oped for local authorities, For the laboratory, the peatbased roads are just one example of how geotechnical knowhow can provide a stronger foundation for civil engineering in a

BUSINESS JARGON COMPETITION 1998

Remember "shoddipush" and "white-antino"? Recall "referential transparency" and the strategic use of the "horseblanket"? These prize specimens of management gobbledegook were among the winners of the jargon competition we ran last

The Financial Times and the Management Consultancies Association are launching the 1998 business jargon competition. Three £500 prizes will be an offer, so start collecting gobbledegook horrors and watch these pages for further details.

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JOHN THORNHILL FILE FROM MOSCOW

Russia with business

No longer the running dogs of international capitalism, foreign business leaders are treated more with reverence than revulsion

It is sometimes easy to forget how much Russia has changed since Soviet times. So much of what once eemed unthinkable is now recarded as commonplace. whether it is freedom of foreign travel.

With bewildering speed, it eems society has swung from totalitarian to libertarian with little pause for anything less radical in

Undoubtedly, one of the most striking changes has been Russia's attitudes towards foreign business eaders who, in Soviet times, were routinely condemned as the running does of international

capitalism. These days, they are more likely to be treated with reverence than revulsion. When Bill Gates, the founder of the Microsoft computer software empire, visited Moscow last year he was granted ready access to the Kremlin and merited front page news for

In the past few weeks, two very different businessmen have also visited Moscow. provoking considerable media attention.

Luciano Benetton. president of the enonymous Italian clothing busines was in Russia to help propel the expansion of his company's stores, while Jean-Louis Dumas, the fifth generation descendant of the amily that runs the Prench Hermes fashion house, was promoting an exhibition of

the company's silk scarves. In Soviet times, Benetton's love of controversial smiles and certain advertising – such as the billboard of a nun and a

priest kissing – would doubtless have attracted the withering criticism of Communist ideologues Hermès' luxury goods, too. would surely have been lenounced as mere baubles for the bourgeoisie.

Nowadays, however, Russia's beau monde clamours to exhibit the photographs used in the Benetton advertisements and to peruse Hermès'

What has also changed is the attitude of foreign businessmen towards Russia. Mr Benetton's and Mr Dumas's views are both highly instructive in this

Mr Dumas, whose rhetoric is as colourful as his company's products, is enthralled by Russia's re-entry into the world as well as enticed by the emergence of 150m potential customers - or patrons, as he prefers to call

The company, which has increased its sales by an average of 24 per cent a year between 1986 and 1996. senses a promising business opportunity.

Russians are our new eighbours and my attitude is to open our doors to neighbours," Mr Dumas gushes. "We can best find out who they are and get to know them not by reading newspapers but by coming

here and remembering certain looks and certain

The company's exhibition entitled Hermès Scarves: Dreams Woven of Silk - has only previously been displayed in Osaka and Los Angeles, highlighting the importance that Hermes nov attaches to Russia, Mr Dumas asked Hilton McConnico, the stage signer, to rummage through the company's "treasure chest of scarves create an imaginative

voyage of discovery". The result is a theatrical display of artfully-lit er icons" that would not look out of place in a production by the Bolshoi ballet

Mr Dumas says "his family memory" told him that Russians had always been very knowledgeable patrons" of Hermes until the Bolshevik revolution of 1917 and today they are becoming increasingly frequent visitors to the company's shops around the world.

"We have a great opportunity to re-tie, to re-bind, Hermès and Russia. I wanted them to know Hermès not by the superficiality but by the reality," he says.

Mr Dumas believes it is important to establish the brand in Russia even before the first store has opened. "If we wanted to plant a flower here then we would not have to dig very far but as we want to grow an oak then we must put down

deeper roots," he says Mr Benetton, whose wild. white hair and steel-framed classes give him the air of a dreamy academic, is another unconventional businessman who entertains occasional

flights of fancy. But his experience of Russia is also grounded in the reality of operating in the country since 1989 - it took three months of battling with bureaucracy for the company to import its own office furniture.

Benetton aims to expand its network of franchi stores to 25-30 by the year-end, taking in such far-flung towns as Samara Omsk and Kemerovo, Mr. Renetton's starting premise is that in spite of decades of isolation the Russians respond to the same impulses and fashion

instincts as consumers in most other countries. "The fashion market is becoming more and more global and young people and young women in particular the world over have the same feelings towards the

same products." That said, he argues it was always overly-tomantic to expect Russians to emerge as fully-formed consumers as soon as the Berlin wall fell. It will take time for Benetton to learn from the local market as the economy recovers. It will also take time to overcome the Soviet mentality.

"The countries of eastern Europe - and especially Russia - still have their own identifiable cultures and histories but they are moving closer and closer to western Europe every day,"

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FINANCIAL TIMES MONDAY APRIL 20 1998

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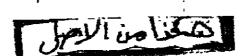
CONCEPT:

CONC

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Guice

Arts





NEW YORK-With its concert on Transcley at Avery Fisher Hall, the New York Philharmonic leunches a week long celebration of British music Sir Colin Davis (left), who .. becomes the orchestra's principal guest conductor next. ason, will conduct works by ems, Tippett and Boar. There will also be a plano recital by Joanna MacGregor and a chamber music concert featuring works by Ades and

AMSTERDAM in coming years the dikamuseum's rich collection i 17th century Dutch drawings is to be published in a series of exhibit catalogues. A survey of compiled to mark the

nublication of the first volume, including early landscapes by Visseller, Van de Veide and Van Govern. The exhibition opens on Spinister.

EDINBURGH Secred and Profess is A DEW SOCIOS OF from Calum Colvin, one of ording riists. It opens in The Gymnesium on

Roderick Brydon conducts Guy 's new production of fandel's Xarxes, opening at the Forces Mortices on Wednesday The cast includes Paula Resmusers, Elizabeth Futnal (below) and Brien Asawa.

FLORENCE Lev Dodin, best known for his WANK WITH ST Petersburg's Theatre made his operatio debut tiree yea directing-Elektra at the

Salzburg Easter stival. Now he takes a further step into penetic territory with Shostakovich's Lady Macbeth of

Maries of the Testino Comunale. Semyon Bychkol conducts, and the title role is aing by Karen Huffstodt, First. night is tomorrow.

Demo Edna Everage (right) -- returns to London in Edna -- the Spectacle, opening tomorrow at the Theme Royal Haymarket. A double bill of Ingenious one act classics from the 1960s opens on Wednesday at the Connecty Theatre: Tom-Stoppard's The Real Inspector found and Peter Swife's Black Comedy. Greg Doran ... directs; the Mushlous cest ordudes Desmond Burtt, Anni Chancellor, Sanz Crouse Geoffrey Freehwater, Michala McAulifie, Nicholas Rowe, David Tennant, and Gary Waldhom.





CONTEMPORARY MUSIC

Acceptable sounds of radical brutism

Pierre Ruhe talks to the Finnish composer, Magnus Lindberg

Finnish musicians are a fast-rising lot everywhere just now, and fastest among their composers is Magnus Lindberg. His music is being played with increasing fervour and everyone seems to want a piece. Feria, an orchestral work premiered at last summer's Proms in London, tallied 15 performances world-wide within its first six months - surprising for a composer labelled as a fradical brutist", a "passionate systematician" and whose music on first hearing can sound noisy, industrial, and often feroclously dense.

Yet along with Thomas Adès, an even younger British composer of an altogether different stripe, Lindof his generation, admired towards the French spectral for the satisfaction his music gives performers and for the deft act of balancing highest standards of compositional rigour. This often abrasive rigour makes him a fundamentally traditional composer, albeit operating within a tradition established only in the past half-

century. At Helsinki's Sibelius mates that included Esa- dures. Kraft (1985) became Pekka Salonen and Kaija his breakthrough in both Saarisho he became frustrated that they weren't hearing the latest in modernism and formed "Korvat auki" (Ears open), a new music society that revitalised Finnish music, "The tradition in Finland was that you did things alone," Lindberg said recently in Los Angeles. "The ideal picture of the composer was that you sit in the forest and compose. We wanted to say that.' Ours was a very nonromantic approach."

Lindberg grew close to the serialism of Stockhausen and Babbitt and moved on to soak up Darmstadt summer courses. He came under the influence of Helmut Lachenmann and Brian Ferneyhough - although he now concedes that the Darmstadt model has "produced very little good music, perhaps only 15 excellent pieces since the 1950s." Complexity, he says, "doesn't exist if there isn't simplicity as well. You need a reference point, and constant complexity is grey

He joined Bouler's IRCAM underground electronics studio in Paris and soon afterwards wrote Action-Situetion-Signification (1982), a mostly tape-and-percussion block of musique concrete inspired by Rilas Canetti's enlightening book, Crossds

His own ears wide open, sounds of Gerard Grisey and Tristan Murail, and was attracted to the sonorities and energy of Berlin punk bands. By this time his music was "ridiculously overconstructed", he says, and limiting because he had primarily explored rhythmic structures, afterwards filling out the rest of the piece.

puters led to broadened hori-Academy, along with class- zons and streamlined procerecognition and style. Composer-in-residence at the 1995 Aldeburgh Festival and artistic director of the South Bank Centre's 1996 "Meltdown" festival signalled acceptance on a more infin-

"I have never really thought of music in terms of melody," says Lindberg, who prefers to explore harmonic regions - clouds of related notes, each with a distinct flavour. A computer pro-gram expands and unfolds his material, using rules not



ing 50 hours of rehearsal to

Coyote Blues (1993) for cham-

ber orchestra, with similari-

minimalist work: "funnily

enough, it's the piece most

people want to play. Many ensembles that have never

Yet the method doesn't

bring togother.

dissimilar to those used by monic musicians an alarm-Palestrina or Josquin des Prez. "What interests me most is syntax, in the gram-

which he will then comit takes shape, constantly working on "local solutions." Such a method suggests an mechanised world - which

like Joy (1990) can feel

late it with the size. Some-

times you overcook things."

His mature works struggle

between order (music the ear

can handle) and a density so

complex as to border on

anarchy. And this level of

thorniness presents its own

problems: the US premiere of

GENEVA

He and his Macintoch will to its inevitable resolution. overproduce notes on paper Lindberg's most convincing press, or whittle away, until in his music, finding con-

His mature works struggle between

order which the ear can handle and

a density which borders on anarchy

long-winded. He's aware of table until a big magnet

explain Lindberg's unerring he returned to his grittier sounds of the late 1980s. skills are in holding tension trasts (foreground/back-

Married and with two voung daughters, Lindberg collects a small stipend from the Finnish government and loud and soft) and taking the works overtime filling comlistener on a journey. Evenmissions and conducting dates, mostly of his own music. Asked recently by the Orchestre de Paris to write a cello concerto for Yo-Yo Ma, he accepted on condition that the soloist instead be Ansii Karttunen, with whom he's worked for two decades. we hear - and might explain tually the tingle of closure is And although he has virtuwhy some episodes in a piece felt. Which he likens to ally no experience writing "nails scattered about a for the voice, a commission

respects after Couote Blues

the danger. "When you comes near and mess choose material by this up."

There to corre
When he felt the need to MOORE. "I basically have a schedule now that is fixed until push into new corners, one 2001 - but I am not taking on further projects beyond "simplified" direction led to that. How can I know what I want to do in five years? The ties to John Adams's postultimate dream would be to achieve the position that Lutoslawski had and say: 'No,-I'm not taking any more commissions. When I finish Related Rocks (1997) for four performed my music start a piece, if someone wants to players, took LA Philbar- with that, yet in many buy it, it's for sale."

to write his first opera is in

Subtle train of thought locked into loneliness

THEATRE

SARAH HEMMING

The Pit, Barbican, London EC2

Yasmina Reza is a smuggler of a playwright who works by stealth. In Art she smuggles a rather profound, thoughtful piece about friendship into a boulevard comedy. In her new chamber play, The Unexpected Man she employs the traditional ploy of a meeting on a train, but the game in this case is that the characters do not speak to one another, but to us, through interior mono-

In reality, the two characters sit in silence, each locked into loneliness. But we are privy to their thoughts, which spill out and interweave. One (Michael Gambon) is a famous novelist who is tired of life, himself and his writing and shares his dyspeptic grumbles with us: the other (Rileen Atkins) is a lonely, middle-aged woman, a great fan of his, who unburdens ber reflections on her life and relationships, while daring herself to address the writer, whose novel she has, half-read, in her handbag,

didn't see a way to go fur-ther on that path. I feel quite There is not as much meat alienated from it now." It to the new piece as there is to Art, though there are simthrough the guise of an argument about an avant-garde painting that splits up close friends. Resa picked away at the lies that bind to uncover the fragility of friendship. In The Unexpected Man (crisply trans-lated by Christopher Hampton), she also explores the complexities of human contact and the way we forge our own identities. It may be a slight piece, but it is delicate and witty, neatly constructed and peppered with irony. It captures subtly the slippery, fleeting nature of the world of possibilities

that daily surround us. Matthew Warchus's beautiful, poised production for the RSC frames it to perfection. It is precisely and wittily directed to catch every turn of the head and flex of the wrist, but also the wistful, reflective quality that pervades the piece. Mark Thompson's elegant set suggests a train, but is also slightly surreal, more evoca-

Hal Tang in works by Mozart,

Carl-Orff-Saal, Gastelg

Vision of Lear: by Toshio

Hospicawa, with a libratto by

Co-production of the Munich

Performing Aris Centre; Apr 20, 22

New York City Opera, New York

Paul Burryan: by Britten, New

production directed by Mark

Lamos and conducted by Ste

Blennale with the Shizuoka

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Robertson; Apr 22, 25

State Theater

OPERA

OPERA

Brahms and Tchaikovsky, With

violin soloist Julian Rachlin and

of physical surroundings, gant in a well-cut purple There is a railway track suit, muses about her lost men friends and mults over across the stage, but the characters are suspended above it on a glass floor, on which they move like insects on a pond. Against the back wall is a huge train window. Astute lighting by Hugh Vanstone keeps reminding sad is most porgnant. us of the moving train, which punctuates and moulds the play, and also

the madness of meeting a man by chance who has spent, through his writing, so much time in her life. Her exact combination of the wry, the quizzeal and the Gambon, meanwhile,

scarcely moves, but suggests chronic grumpiness simply occasionally turns these through the hunch of his

One character is a famous novelist tired of life, the other a middle-aged woman with his novel in her handbag

so that the two characters are surrounded by reflec- contact with his travelling tions of themselves, at which they stare, brooding - as people do on trains. Michael Gambon and

Eileen Atkins, meanwhile, are superb. both suggesting by different means the dis-

glass surfaces into mirrors shoulders and the sag of his back. When he finally makes companion, he thaws visibly to give a glimpse of the man beneath the layers of discon-

of theatre and in the end the whole thing glides past just consolate and lonely middle as countryside does on a age in which they find them-selves. She, faded but ele-half the point.



train journey induces than in Yasmina Reza's new chamber play

INTERNATIONAL

Arts

BERLIN

CONCERTS Philharmonie Tel: 49-30-2548 8354 Berlin Philharmonic Orchestra:

Doutsche Oper

111

Tel: 49-30-34384-01

conducted by Floger Norrington in works by Haydn and Knussen; Apr 20, 21, 22 Berlin Philharmonic Orchestra:

conducted by Claudio Abbado in works by Mozart, Rihm, Brahms and Schumann; Apr 25 DANCE

Peter Schaufuss; Apr 25 OPERA Deutsche Oper Tel: 49-30-34334-01 Der Prinz von Homburg: by Henze. Conducted by Christian Thielemann in a staging by Götz

La Sylphide: revival directed by

BIRMINGHAM CONCERTS Symphony Hall Tel: 44-121-212 3333

Friedrich; Apr 24

tvo Pogorelich: racital by the pianist of works by Rachmaninov, Granados, Prokoflev, Schumann and Chopin; Apr 23

CHICAGO CONCERTS Orchestra Hall Tel: 1-312-294-3000 www.chicagosymphony.org Chicago Symphony Orchestra: conducted by Donald Runnicles in works by Wagner, Haydn, Part and Britten. With cello acloist John

Sharo: Apr 21 Chicago Symphony Orchestra: American premiere of Carter's Clarinet Concerto, conducted by Pierre Boulez with clarinet soloisi John Bruce Yeh. The programme is completed by Mahler's Symphony No. 1 In D Major, Apr

FLORENCE

OPERA Maggio Musicale Fiorentino Tel: 39-55-211158 www.maggioflorentino.com The Lady Macbeth of the Misensk District: by Shostakovich. New production by Lev Dodin, conducted by Semyon Bychkov; Teatro Comunale; Apr 21, 24

FRANKFURT CONCERT

Alte Oper Tel: 49-69-134 0400 Chamber Orchestra of Europe; conducted by Nikolaus Hamoncourt in works by Schubert, Mendelssohn and Schumann. With violin soloist Thomas Zehetmair;

Apr 21

CONCERTS Victoria Hall Tel: 41-22-317 0017 Orchestre de la Tonhalle de Zurich: conducted by David Zinman in works by Bartok and Mahler. With

HELSINKI OPERA

Famish Netional Opera Tel: 358-9-4030 2211 The Magic Flute: by Mozart. New production by Swedish director Etienne Glaser, designed by Peter Tilberg. Conducted by Mikko Francic, Apr 24

LONDON CONCERTS Royal Feetival Hall

Tel: 44-171-960 4242 English Chamber Orchestra: conducted by Pinchas Aukenman in works by Dvorák and Mozart, with piano soloist lyuko Nakamichi, and by Shuntaro Seto in Bertok's Viola Concerto, with Zukermen as viola soloist; Apr 20 Philharmonia Orchesta: conducted by Mikhali Pletnev in works by Berlioz and Tchalkovsky.

With mezzo-soprano Jean Rigby; Apr 21 Orchestra of the Age of Enlightenment: conducted by Sir Simon Rattle in works by Mozart, Berlioz and Beethoven. With mezzo-soprano Ann Murray;

 The Royal Opera: Parsifal, by Wagner. Concert performance conducted by Bernard Haitink. The title role is sung by Plácido

English National Opera, London Tet 44-171-632 8300 La Bohème: by Puccinl. Steven Pimiott's production is revived by Barry Atkinson and Frances Moore, and conducted by Alex Ingram;

LOS ANGELES OPERA .A. Opera, Dorothy Chandler

Apr 21, 23

Tel: 1-213-972 8001 www.laopera.org Trovatore: by Verdi. Conducted. by Gabriele Ferro in a staging by Stephen Lawlees. Cast include Vladimir Bogachov; Apr 25

works by Schubert and Bruckner:

Apr 20, 21

Tchalkovsky; Apr 22

Beethoven: Apr 23

Königlich Flämische

PARIS MUNICH CONCERTS CONCERTS Selle Pleyel Tel: 33-1-4551 6589 Philharmonie Gastair Orchestre de Paris: conducted by Tel: 49-89-5481 8181 Munich Philharmonic Orchestra: Frana Brüggen in works by Haydn and Mozart. With cellist Trus Moric, conducted by Günter Wand in

 Warma Philhermonic Orchestra: Théâtre des Champs-Elysées conducted by Viadimir Fedossejew Tel: 33-1-4952 5050 in works by Schubert, Haydn and Vienna Philharmonic Orchautra: conducted by Zubin Mehta in works by Weber, Mozart and conducted by Heribert Beissel in Mahler, With oboe soloist Martin works by Rossini. Chopin and Gabriel: Apr 24 Cecilis Bartos recital, with the Orcheuve National de France Philhermonie: conducted by Mu conducted by Charles Dutoit, in

Apr 22, 23

works by Rossini and Ravel; Apr 25

ROME OPERA Teatro dell' Opera Tel: 39-6-481601

Parsifat by Wagner. Bernard Hellink conducts the Covert Garden production, with a cast including Placido Domingo and John Tomlinson; Apr 26

SAN FRANCISCO CONCERTS **Davies Symphony Hall**

Tel: 1-415-864 8000 www.stsymphony.org Isaac Stem: recital by the violinist, accompanied by Robert McDonald; Apr 21 San Francisco Symphony Orchestra: conducted by Hugo Wolff in works by Debussy, Mozart and Schumann. With piano soloist Alicia de Larrocha; Apr 22, 23, 24, 25

TOKYO CONCERT Bunkamura Tel: 81-3-9477 9998

New Japan Philharmonic: conducted by Rostropovich in works by Shostakovich. With piano soloist Constantin Lifschitz; Orchard Hall; Apr 24

TORONTO **OPERA** Canadian Opera Company. Humaningbird Centre

Tel: 1-416-363 6671 www.coc.ca Fidelio: by Beethoven. Revival conducted by Richard Bradshaw in a staging by Richard Monette, with sets and costumes by Laara

Cassells; Apr 21, 24 VENICE EXHIBITION

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 Businoss/Market Reports: 05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20;

At 08:20 Tanya Beckett of FTTV reports live from UFFE as the London market opens.

A myth stubbed out

The European Union should scrap plans to ban tobacco advertising because such a move, far from reducing smoking, would lead to an increase in the activity

to agree to ban tobacco advertising at some future date. The aim is to reduce smoking among young people and is based on the belief that children's preferences are significantly influenced by advertising.

However, aside from the immediate risks to jobs in tobacco marketing, publishing and advertising, and a significant loss of commercial free speech, there is considerable doubt that the primary aim of the ban would

Professor Hugh High of the University of Cape Town has just reviewed the worldwide literature on the tobacco-advertisingconsumption relationship for the Institute of Economic Affairs. According to his analysis, the average adult in countries belonging to the Organisation for Economic Co-operation and Development that have advertising bans consumes 3.3 per cent more tobacco than do individuals in countries with regulated advertising and warning labels. More specifically, Italy, Portugal, France and Norway have had advertising bans for many years, during which time smoking levels have increased, partic-

ularly among young women. Yet those countries - such as the UK, Belgium and the Netherlands - that have allowed advertising in recent decades have seen a faster decline in smoking over the same period than OECD countries with stricter rules. The alleged positive relationship between advertising and total tobacco consump-

tion may be a myth. that advertisers can easily create demand for products among a naive public. It is consequently assumed that an advertising ban would reduce demand for the prod- they were first advertised as ucts concerned, thereby protecting consumers from gests that consumers tend acceptable products,

his week European not to believe exactly what reaching the market, actually does not exist any Union health offi- advertising says - rather, cials are expected they combine advertising hyperbole with other personal information to reach purchasing decisions.

According to Martin Duffy of Manchester University. this may explain why advertising restrictions on tobacco can serve to increase, rather than decrease, tobacco consumption since the health warnings on tobacco products are no longer widely disseminated. Consumers in countries with bans are not reminded regularly that smoking is dangerous.

Prof High demonstrates that for mature markets, such as with toothpaste and tobacco, each company advertises its brands in the belief (almost certainly true) that to cease advertising is to concede the market to

competitors. Consumers are does actually increase smok-

Advertising bans make politicians look good by acting to promote public health, but do not endanger tobacco taxes

loyal to brands but can be persuaded to change, especially if product differentiation is possible. After all, do you buy more toothpaste when you see oral hygiene advertisements, or perhaps just switch to a brand with alleged new protection? Prof. High says mature market advertising bans "do not reduce total demand, only the likelihood for changes in brand market shares".

For example, the dangers of tobacco were first widely disseminated in the 1960s Conventional wisdom is and many people subsequently stopped smoking. But others, who did not want to quit, switched to "safer" cigarettes, lower in tar and with filter tips, when less bad than their competitors. A ban today would wanting things that are bad reduce the likelihood of for them. But evidence sug- new, perhaps more socially

of tobacco." Nevertheless, he help the young and imprescould not be seen to back tobacco and had to support The Joe Camel cartoon character used in R.J. the position of a fellow Flemish socialist party member who promoted a bill last

health ministers' desire to

But what about the EU scientific proof linking

advertising and consumption

year to ban tobacco advertis-

ing in Belgium, thereby

Like politicians, most

health professionals cannot

acknowledge that tobacco

adverts do not induce smok-

would have to acknowledge

that bans do not work and,

even worse, that their own

anti-tobacco propaganda is

probably doomed to fail. Pro-

paganda, as its creator in

modern times Joseph Goeb-bels admitted, is about suc-

because if they did they

gaining popular support.

Reynold's tobacco advertisements (now discontinued) are alleged by many antitobacco groups to have encouraged young people to start smoking in the US. A paper in the Journal of the American Medical Association reported that Joe Camel was as familiar to six year olds as Mickey Mouse. Among high school students 98 per cent recognised the character, compared with 67

per cent of adults. The UK government report on Camel, however, said that "the evidence on consumption is not sufficient to establish that the campaign

ing". This conclusion, which

is supported by many inde-

pendent studies in Europe.

seems to show that even

young children know that

Today's children are bom-

barded by advertising and

they become astute at a very

young age at discerning what is and what is not a

commercial. Peer group pres-

sure among rebellious teen-

agers and family habits are

far more important in deter-

mining whether someone

will start smoking, con-

Most politicians know that

an advertising ban will not

cause tobacco consumption

to decline any faster than it

already is, but to oppose

such a ban is to be labelled

pro-tobacco - a poisoned

chalice for any politician. In

1996, the Belgian health min-

ister Mr Colla said in a par-

Can't Be Wrong

cludes Prof High.

Two Billion

passengers

Our new 500 Series 'Nozomi': It may be the most beautiful train in the world; it's certainly the fastest.

In 1997, two billion passengers chose to travel with

West Japan Railway Company.

JR West transports more people every year than the railways

tobacco is bad for them.

Perhaps advertising bans provide success for politi-cians. After all, bans make them look good by acting to promote public health, but they do not endanger the tobacco taxes that treasuries the world over rely upon. Take the UK for example

cess not about truth.

The £10bn (\$16.7bn) raised annually from tobacco taxes budgets of the Foreign Office, the Home Office and the Ministry of Agriculture. Surely governments are too wedded to this funding to leopardise it if advertising bans really damaged cigarette sales? The answer, of course, is that bens do not work: all they do is retard the movement towards "healthier" products, such as lower nicotine cigarettes.

If health ministers really want to do something about smoking then they should encourage the removal of the £700m EU subsidy for tobacco growing and stop this counter-productive advertising ban. Making smoking taboo will attract even more of the young to try this forbidden fruit.

The author is an economist at the Institute of Economic Affairs, Tobacco and Advertising by Hugh High is publiamentary debate: "There lished by the IRA next month.

LETTERS TO THE EDITOR

Non-economic case for keeping net consumer as part of the household

From Dr Tim Leunig. also much less likely to need Sir, Martin Wolf ("Brown's his own car, and they can families". April 14) shows easily share their daily FT. that, following the introduc- • Further, Joan and the tion of the working families tax credit, John - who earns £250 a week - is worth just Living at home he is much £88 a week to his family. Mr Wolf believes that this will make John a net consumer rather than a net provider, and so Joan, his working partner, should - and will throw him out. But Mr Wolf forgets the economies of scale of families, the value of non-market labour and, above all, the non-economic

ing together. Given that he is living with Joan, John's living costs are small. Above all, he children. Countless studies, has no housing costs; he is from sociologists, health

motivation for families stay-

children will benefit from John's non-market labour. more likely to help look after the children, do the froning. decorating and so on. Most important, I hope that it is more than John's income that has persuaded Joan to keep him in the household. The vast majority of parents are together

ause they believe that a stable, monogamous relationship, whether sanctified by marriage or not, is the best route to happiness for themselves and for their experts and so on confirm their belief. Such relationships will not collapse because of the working families tax credit. Of course, there are some

who continue to live with

dept of economic Royal Holloway College, University of London, Surrey TW20 OEX, UK

families whose relationships are not like this. There are, for example, some women

abusive partners. If the tax credit allows such women to start a new life for themselves and their children, then any rise in the number of working lone parents ·must be welcomed.

Time governments told electorates about change of lifestyle fiscal union will demand

Sir, David White's report "Spain's black money looks III-gotten gains. This is an for a white knight" (April 15) argument thankfully absent for a white knight" (April 15) omits to mention that popular support for the euro also derives from hopes that the advent of the new currency will inhibit the activities of money launderers.

met a Frenchman who ssured me that the first reason for supporting the introduction of the euro was that euro's effect on the black the suddenness of the market will be a temporary London SWIY SHZ. UK

Emu, due to the comparatively small size of the British black economy. This episode shows the

extent to which many people On holiday at New Year I still wonder what the euro can do for them, not what they will have to do to ensure its success. The

changeover would deprive palliative compared with the black marketeers of the radical changes of lifestyle which an economic union without fiscal transfers will from the British debate on demand. It is high time governments informed their electorates of what these requirements would be. Otherwise many of the euro's most convinced supporters are likely to be disappointed

> The European Foundation. 61 Pall Mall.

Just how will our grandchildren keep warm?

From Mr Bill McMillon. Sir, Your survey on world energy (April 16) turned out to be a sorry and sad catalogue of short-termism. der-dealing and bead-inthe-sand approaches to world energy.

In its 12 pages there was no attempt to address the simple questions: how long coal or litres of oil?

will the world's fuel increasing population and expectations of rising living standards? Just how will our grandchildren and their children keep warm or cook their food? How will they view our thoughtless plundering of the last ounces of

May I suggest these ques resources last out against tions as the subject of a future FT survey - even if it is unlikely to attract any advertising support? Bill McMillen,

Woodgate, Kent TN8 7DP, UK

Justice costs dear in the US From Mr Steven Strauss.

THE PROPERTY OF THE PROPERTY O

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Market April 2

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Section 1

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Sir, Perhaps the Smith Barney lawsuit is a small reflection of what is wrong with justice in America. A group of women sue Smith Barney on a class action basis claiming (with good evidence) that they were subjected to a pattern of harassment. Various special interest groups join the bandwagon. The result the lawyers (for the plaintiffs, ie the victims) receive \$9.5m. Various special interest groups and consulting firms are bought off with a pledge of \$15m by Smith Barney. And the victims may receive

as much as \$2m. Note that, unlike their lawyers, the victims receive nothing from the lawsuit. They merely have the right to hire individual counsel to start the process all over again in an arbitration proceeding. Of course, they had the right to arbitrate this matter in the first place, so it is not clear what the plaintiffs gained.

But pointing this out would merely interrupt tha gravy train for America's lawyers. The message to America's victims is clear, justice is expensive and

heven Straues. Yale School of Management. 135 Prospect Street. New Haven, CT 06511, US

Goldilocks: the bears won

From Mr Tim Calvert Sir, Jack Campbell ("Snow White - now there's a better snalogy", Letters, April 15) does miss the point of the Goldilocks story: ultimately, the bears score a resounding victory. Bulls beware.

Tim Calvert, 97 Burraid Road, London NW6 2DB, UK

rauscibreth.com Published letters are also available on the FT with site, http://www.FT.com Translation may be available for letters written in the main international lenguages. Fex 017: 873 5938. Letters should be typed and not hand written. ECONOMICS NOTEBOOK GILLIAN TETT

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Breathing space

t is the package to end all packages. Or it is if you believe Ryutaro Hashimoto, Japan's

prime minister. As the Group of Savan leading industrialised nations fretted over Japan's alling economy last week in Washington, Mr Hashimoto pulled a new rabbit from his fiscal hat - a record Y16.000bn (\$121bn) stimulus package to be started in fis-

The Y16,000bn figure is bigger than anything Tokyo has produced before. It is even heftier than expected by Japan's US critics, who had been demanding such measures. The big question now, though, is whether it vill work.

This is the latest in a line of similar measures: since 1992, at least Y64,000bn has been spent on packages - a sum twice the size of Australia's gross domestic product. But in spite of the dizzying ums, recent data suggest Japan is teetering near recession: bankruptcles and memployment recently hit record highs; production fell 3.9 per cent between January and February; and domestic demand was falling at an annual rate of 4 per cent in the last quarter of 1997.

So does this mean that such Keynesian initiatives do not work in Japan? Perhaps not. But research* by Organisation for Economic Co-operation and Development on the impact of the 1992-95 packages should dampen enthusiasm for such measures.

The OECD calculates that nledged fiscal spending packages between 1992 and 1995 totalled Y75,000bn (although others, such as ING Barings, put the figure nearer to Y64,000bn). This included income tax cuts that reduced government revenues by Y17,000bn, about Y38,000bn in new public investment, and Y20,000bn in government land purchases and public loans

Of this, the OECD believes public investment gave the biggest short-term boost. Its model multiplier for public investment, for example, was 1.2 per cent in the first year (meaning Y1 of spendmg delivered Y1.2 of activity), 1.1 per cent in the secyear and zero afterwards. This compares Japan's latest fiscal package may help in the of tax cuts is probably now lower than in the original short term but sweeping deregulation is crucial If It is to repair its crumbling productivity

with the multiplier for tax cuts of only 0.8 per cent in the first year, 1.1 in the second, and zero after that, Spending on land and loans had almost no impact, it

The upshot is that the Y75,000bn certainly had an mpact: the OECD calculates it raised output by 4 per cent between 1992 and 1996, reducing the impact of the. post-bubble recession by half. But it was not very efficient. After all, Y75,000bn is equivalent to about an eighth of Japan's GDP. A 4 per cent rise in output therefore looks meagre.

bridges have sprouted at a rate of 160km a year - excluding motorways.

Meanwhile, the OECD points out that public investment in high-income areas has had up to three times the economic impact of spending in low-income areas. But since 1992, public investment per resident has been four times higher in these low-income regions. So will the new package be better? This will not be clear until full details are announced, probably this week. But early signs are not

The current background is

Another reason for caution is that there is little evidence the

encouraging.

government has abandoned its bridge-building habits

partly on yen strength and tight monetary policy in the early 1990s. But another factor is that Japan's public sector investment is deeply inefficient. The essential problem is that government spending tends to be focused on vote-winning rural construction projects with Iimited economic value.

Signs of this abound: the countryside is dotted with expensive and underused infrastructure. In a country that aiready has 370 dams. another 120 are under construction. Since 1992, new

The OECD blames this perhaps better the yen is now more than 40 per cent below its 1995 peak, while monetary policy is looser than in the early 1990s. But the deal sounds similar to earlier ones: Mr Hashimoto has suggested it will include Y4,000bn in income tax cuts, at least Y6,000bn in new public spending and more government loans, plus some front-loading of previously announced public spending cuts. And there seems little sign that the underlying impact has improved.

OECD model. This is because the current consumer gloom has left Japanese households ill-disposed to spend after tax breaks.

Another reason for caution is that there is little evidence the government has abandoned its bridgebuilding habits. Mr Hashimoto faces a parliamentary upper house election in July and badly needs the rural vote. Moreover, the construction industry employs 11 per cent of the workforce (donble the rate in the US). Cutting construction could deliver a heavy economic

blow in the short term. So does this mean the package will be wasted? Per-haps not. Most economists calculate that measures will boost GDP by about 1 per cent. This should be enough to prevent the economy sliding into a full recession this

But this only buys the government time. Once the public spending boost is over, the economy could slump again without private spending growth. And Y16,000bn does not solve the bigger problem facing Japan: that productivity is crumbling as the population ages.

Optimists retort that Mr Hashimoto could use this breathing space to start tackling the productivity issue with sweeping deregulations and more reform. After all, the last deregulation initiatives, including Big Bang, emerged after the 1996 package.

But the risk, as so often in Japan, is that an upturn might be used by politicians as an excuse to stave off sweeping reform. Japan's essential difficulty is that it still has enough money to offset any sense of crisis.

After all, the Y75,000bn breathing spaces between 1992 and 1996 have not produced the scale of reforms needed. Even now, commitment to deregulation appears half-hearted. Unless this changes, the latest Y16,000bn offering will simply be squandered. It is an expensive way for an economy to stagnate.

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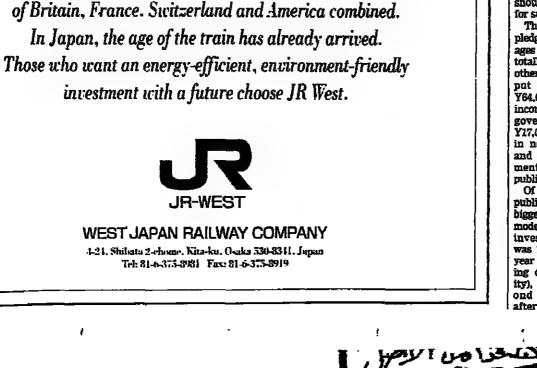
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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Monday April 20 1998

Bank regulators must keep pace

week? As the wave of banking supervised by a wide range of ket. consolidations gathers momentum in the US and around the level. As they move into new world, it seems that only a sharp areas such as insurance and equistock market setback will put ties, the number of regulators further deals on hold. Whenever with which they deal is increasbankers rush to do the same thing at the same time, it is a sure rule that problems will follow, and so it is not surprising that politicians are beginning to express concern. In the US, Senator Arien Specter and Representative Jim Leach, both Republicans, are promising that their respective committees will hold hearings on the mergers. It is important that they investigate the right issues.

Contrary to their initial comments, the main concern is not about the impact on the con-sumer. The US still has more than 10,000 banks, and although mergers and failures have reduced that figure in recent years, the number of branches has not changed much. As interstate banking restrictions and other constraints are lifted, the US banking system should become more - not less - competitive.

Rather than focusing on bank customers, US policymakers should be thinking about the implications for the overall soundness of the banking system. The structures that were appropriate for a highly fragmented industry no longer make sense as a growing number of super-banks emerge on the scene.

Municipal shenanigans in the

Gholamhossein Karbaschi,

mayor of Tahran, was released on

Wednesday after his imprison-

ment on corruption charges - at

the instigation of the president's

opponents - led to riots in the

His release was authorised by Ayatollah Ali Khamenei,

supreme spiritual leader of Iran's

Islamic revolution, after Mr

Khatami underlined that unbri-

dled factionalism could destroy

the regime. Former president

Hashemi Rafsanjani, still power-

ful as a Khamenei adviser and

cautious supporter of Mr Khata-

mi's reforms, pleaded at Friday

prayers for reconciliation within

All of this suggests that - for

the second time since Mr Kha-

temi thrashed the mullahs' pre-

ferred candidate at last year's

election - the hardliners have

misjudged the balance of power.

Last November, popular resis-

tance forced them to curb their

violent campaign against a dissi-

dent cleric who questioned the

very foundations of theocratic

rule in Iran. Now, they may

again have miscalculated.

"the revolutionary family".

capital, where he is popular.

Mohammed Khatami.

For a start, US banks today are agencies at the federal and state ing still further. There is a strong case for considering the idea of merging some of these agencies, or at least of developing a clearer concept of who should play the part of lead regulator for each financial institution.

Next comes the question of the overall approach to regulation itself - and the extent to which it should be based on legions of supervisors armed with rule books. Alan Greenspan, the Fed chairman, is among those to have been brooding about the case for a more market-based system finding ways of giving investors

and depositors a larger role in establishing credit-worthiness. Finally, policymakers need to be thinking hard about the growing risks of a structure where more and more banks may be seen as becoming too big to fail. In particular, the main risks of failure should be shifted as far as possible from the texpayer to the market. This means, for instance, that large depositors should be absolutely certain that if their bank goes under, they will lose

More banking mergers are inevitable, and if properly managed they will bring economic benefits. But the regulators must keep pace.

rule of law, reintegrated into the

The theocrats want an isolated.

autarchic society under an aus-

tere Islam they alone interpret.

One reason they despise Mr Kar-

baschi is because he successfully

issued municipal bonds. Bonds

have always been suspect to the

conservatives, because interest is

were endorsed by clerics theolog-

ically senior to Mr Khamenei

because the real return to inves

tors was classified as profit, not

doctrinal dilution could break

mately depend on popular sup-

port at home. But the West, par-ticularly the US, which has

sought to isolate Iran, can help,

Its best approach lies in engaging

with Tehran. Such a policy would

strengthen the reformists,

encourage Iran's fast-improving

relations with its neighbours.

and promote - rather than

impeds - the investment that

will provide the jobs Iranians

Mr Khatami's success will uiti-

their grip on power.

desperately need.

international community.

The power to choose

The great experiment of deregulation of the US electricity market is under way in California, where the complexity of the issues involved has emerged in microcosm, reports Christopher Parkes

T t was supposed to be a "blueprint" for the deregulation of a \$220bn-a-year business. That was how Federico Peña, the American energy secretary, described the latest plans unveiled last month for US electricity. A few days later, California, the biggest single market, became the first state to launch its free electricity mar-

But the blueprint looks more like a join-the-dots puzzle. The full picture will not emerge until the federal political process restarts and more states reveal their plans. And that could take much longer than Mr Peña has allowed.

According to his project, all US consumers will be able to choose their power providers by 2003. Driven by competition to use cheaper technologies, replacing coal and oil with natural gas generators will sharply reduce the burden of emissions on the environment. The average family will end up saving \$232 a year. Efforts to introduce deregu-

lation, in various stages of prog-ress and disarray, are under way in about half the states in the

The Pens blueprint was intended to fire up the federal debate, stuck in Congress, where it is likely to remain stalled at least until this year's elections are over. At the moment, the deregula-

tory effort is running into the sand, and the complexity of the issues involved has emerged in microcosm in California, which accounts for almost 10 per cent of the national market for electric-

If there is anything to be learnt from the state's experience, it includes lessons that delays and divisive arguments are inevitable, and they do not necessarily end when the systems and statutes are in place.

Three investor-owned utilities. Southern California Edison, San Engaging Tehran Diego Gas & Electric and Pacific Gas & Electric, supply 10m customers, 70 per cent of the state's total. A further 30-odd municipal With Ayatollah Khamenel at suppliers with statutory rights Middle East rarely make front- their head, the conservatives conbeyond the reach of Sacramento's page news in the West. But the trol the army, the security forces, struggle around the mayor of and the judiciary – which is Tehran is as clear a snapshot as spearheading the attack on the lawmakers - and with lumbering bureaucracies to support - have we can get of the factional battle reformists. But Mr Khatami has stages of deregulation.

in Iran between the mullahs and the electoral support of 70 per More in hope than expectation, They have rallied to his vision of companies set up shop in the a more plural society under the state in the 12 months before deregulation day. Only 55 have since formally registered actually to sell power.

The laws of supply and demand officially supplanted the rules of monopoly in the state on March 31, and 10m power customers woke up the next day to observe that the lights in their refrigerstors continued to blink dutifully proscribed by Islam. But these on and off as the doors were emed, had changed.

The right to choose a new supplier, an option opened last suminterest. The old guard fears such mer, had been exercised by fewer than 40,000 people. Of big commercial consumers, which account for two-thirds of the state's power consumption and were expected to be the biggest and earliest beneficiaries of the free market, only 10 per cent had

switched to new suppliers. A statutory 10 per cent reduction in rates for residential and small business consumers, in force since January 1, was still making no discernible impact on bills. Californian electricity remains up to 50 per cent more expensive than the national aver-

"True" competition, says David Sokol, chairman of Calenargy, an already had time enough to consumers are slim at best, international generating plant operator, will not emerge in the been excluded from the first recovered \$28bn in "stranded"

some 300 electricity marketing ments, particularly in nuclear power, which were guided by public policy but which are uneconomic under free market conditions.

That is also when Calenersy. with 10 Californian generating stations supplying wholesale power to the main utilities, plens to join the retailing fray.

In the meantime, bills will continue to show two extra items: the "legislated 10 per cent reduction", and the "Trust Transfer Amount" which, a footnote explains, "recovers the financing cost associated with the required 10 per cent discount", and will add \$300 to the average annual

The theory behind the TTA levy is that it levels the playing field for the incumbent utilities, enabling them to compete on equal terms with incoming power retailers which are not burdened with the stranded costs.

But one reseller complains that it puts the utilities in the driving sest. "All that money spent (lobbying legislators! in Sacramento bought them more time to get in shape before competition really

veers ago.

chancellor Helmut Schmidt, who

So hungry for power is the SPD

that activists decided, for once, to

forget old feuds and follow orders.

Schröder and his old friend and

rival Oskar Lafontaine, the party

leader, put on such a display of

unity that they appeared to be

taking part in a three-legged race

as they progressed into the hall.

We are not twins. But we are a

assured the crowd. The question is

Although Schröder heaped lavish

praise on his party leader, theirs is

damned good team," Schröder

also spoke fer longer than

prescribed by the organisers.

deregulation through its infancy. clear, it reflects a rising aware- cates the British approach. some critics say they have ness that upfront benefits for improve competitiveness.

While ambitious power retailstate until 2007. That is when the ers are spending millions build-stranded costs comprise the big-fits," says Mr Sokol. "In Califincumbent utilities should have ing up brands and consumer awareness, the established utili- tion to the free market at both to protect the utilities." Customties with household names have state and federal level. These refer to past invest- no such constraints.

But they have opponents other than commercial rivals. A rearguard action against the levy was launched last month when con-

sumer activists began collecting signatures to support a ballot initlative to scrap it.

While ambitious power retailers are spending millions building up brands and consumer awareness, the established utilities have no such constraints

rattled this insurance industry stranded cost levies will not be with a 1988 proposition that lifted until 2007. In Illinois, cusresulted in \$2.5bn in rebates for consumers, the Utility Reform Network calls enticingly for a in Massachusetts, the only comblanket 20 per cent rate cut and the repeal of the "bailout

"The utilities ramrodded the bailout through the legislature, and the impact for customers is just showing up." says Ms Hoge. "Now's the time the utility barons should start worrying."

tomers must pay a switching tax if they want to change suppliers. pany so far allowed to compete with the existing utilities is run by local notables including the man who ran the state's deregu-

cheap power, such as hydroelec-

Others, as in California, are

pressing on the brakes.

lation pilot programme. Independent companies want a firmer federal hand. Calenersy. which last year bought Britain's Northern Electric, principally to Although the initiative's refergain experience of working in a

Since the utilities fostered endum prospects are not yet deregulated environment, advo-

"With UK deregulation there seemed to be a better recognition The political difficulties of the necessity for customers implicit in dealing fairly with and utilities to share the benegest obstacles to a speedy transi- ornia, the agencies have chosen ers receive a "pretend" benefit, Utilities in less populated areas which they must finance them-

or those with plentiful supplies of wives. The grand design should come tric operators in the north west, from the federal government and want the process accelerated. be overlaid on the "patchwork" of state markets, he says.

Although Mr Sokol acknowl-So far, the utilities are having edges the differences of scale and Backed by Nettle Hoge, who their own way. In Pennsylvania, politics, he believes the UK's application of one level of national legislation and its "aggressive" handling of the utilities had worked well if the US free market was to function effectively, the federal framework legislation had to recognise that electricity was a "national commodity" to be regulated as

> According to Mr Sokol, the state of affairs in California is one of "transition rather than competition". While its enterprise in pressing ahead with deregulation will serve as a helpful catalyst to others, he says, he doubts they will adopt it as a template.

> If it is, and especially if California's free-market model is endorsed by Washington, many of today's hopefuls bidding for an early shot at the entrenched utilities may find themselves left out of the picture altogether.

Leipzig lesson

Germany's famously quarrelsome energy taxes, which deflected Social Democrats (SPD) gave an attention from a promising CDU impressive display of unity last week when they confirmed Gerhard Schröder as their candidate for chancellor at the general elec-feuding has exposed internal tion. The discipline shown by the party congress in Leipzig should sound a warning for the incumbent, Chancellor Helmut Kohl, after nearly 16 years in office.

The carefully choreographed event, although comical and triumphalist at times, succeeded as televised theatre. The strong endorsement of Mr Schröder by Heimut Schmidt, the former SPD chancellor, was an added bonus. It could increase the party's appeal among older voters, who associate Mr Schmidt's government in the 1970s with the then world-beating German model of the social market economy.

Mr Schröder can also feel pleased with his current opinion poll ratings. His drive to capture the centre ground of German polities, his insistence on pragmatism over dogma, and the deliberate vagueness of some of his policies, owe much the successful campaigning experience of Britain's Tony Blair and US President Bill Clinton. But Mr Schröder would not be in such a strong position without the self-inflicted wounds of Mr Kohl's coalition.

ery. More fundamentally, the coalition weaknesses after such an extended period in power. Relations between the CDU,

CSU and their liberal Free Democrat partners have been strained throughout the life of the current parliament over questions of economic policy, tax reform and civil liberties. The zeal with which certain CSU politicians attacked the latest CDU plans suggests they have already written off hopes of a coalition victory in September, and are staking all on holding power in the Bavarian state elections two weeks earlier.

Mr Kohl's response to these setbacks has so far been feeble. While it is always a mistake to write off the German leader, who is a ruthless operator and a canny campaigner, it is difficult to see how he can recover his momentum. That is unless the SPD repeats past errors and tears itself apart. After Leipzig, such an outcome seems less likely. The activists voted with their heads for Mr Schröder, although in their bearts they would have preferred Oskar Lafontaine, the party leader. Mr Lafontaine insisted on party discipline, and was obeyed. That bodes ill for

Putting Percy under pressure

Has Percy Barnevik, often top of the pops in polls of Europe's most admired managers, found yet another lan? Maverick Swiss financier Martin Ebner has just popped up as a big shareholder in ABB, the Swedish-Swiss engineering glant on which Percy's reputation is founded.

Ebner's arrival could be a vote of confidence in ABB's globe-trotting, lecture-touring chairman. If analysts' estimates are to be believed, ABB is one of the few quality recovery stocks still left around. However, Observer suspects that Ebner, 52, has not spent close to SFr2bn on ABB shares lust to join the Percy

For a start, Ebner's record in creating shareholder value is arguably better than that of 57-year-old Barnevilc, the latter's first year as chairman of investor, the quoted investment arm of Sweden's immensely wealthy Wallenberg family, and one of ABB's biggest shareholders, hasn't been a rip-roaring success. Despite his efforts to ginger-up performance, investor has lagged the Swedish market.

Barnevik's record as a standard-bearer of good corporate governance also looks a mite threadbare when held up against ABB's old fashioned capital structure which allows a few

Wallenbergs, to exert a than friendship. In his speech, disproportionate influence. Schröder deferred far more reedily to Helmut Schmidt than Lafontaine And could there be a touch of

OBSERVER

ealousy at work? The last Since losing power in 1982, shareholders' report from Ebner's Schmidt has become convinced BZ Trust included an item on that one of his big mistakes was not to hold both the posts of SPD Barnevik's ideas for creating shareholder value. It said they party leader and chancellor. If might bring a smile to the face of Schröder really is a disciple, Lafontaine had better watch out. Ebner's followers. The implication was clear: Barnevik was getting credit for ideas Ebner pioneers

Magellan sails on Fidelity investments' giant

Magellan fund never does things Friends in need by halves. Remember former Only two people dered interfere manager Jeff Vinik's ill-timed with the elaborate choraography at decision to switch 20 per cent of the world's largest mutual fund into the coronation of Gerhard Schröder as the Social Democrat bonds? Under new manager challenger to chancellor Helmut Robert Stansky the massive mutual Kohl. One was Schröder himself, has recovered its poise - but it's whose speech was at least 40 still placing big bets. When Citicorp announced plans minutes longer than the allotted hour. The other was former SPD

to merge with Travelers two weeks ago, its shares soared. Citicorp was Stansky's fourth-largest Investment - a stroke of luck which would out Magellan comfortably ahead of the index. Until, that is, Cendant announced i would have to restate its profits and saw its share price tumble. No prizes for guessing Stansky's fifth-largest investment.

Fuli steam ahead

Titanic, the film which sailed off with 11 Oscars, is sweeping China. People are flocking to see lots of rich westerners drowning even though, at 70 year per ticket, it's a partnership of convenience rather the most expensive film ever

screened in the Middle Kingdom. The boating blockbuster has also won adulation from an unusual quarter. President and Communist Party general secretary Jiang Zemin was given a special viewing by the co-producers - Rupert Murdoch's Twentieth Century Fox and Viacom Paramount. He's told his comrades in the politbure to see it too.

The critical acclaim, rare presidential tributes and the film's box office success stand in share contrast to the fate of two other "unfriendly" movies about Tibet by Wait Disney Corporation and Sony. Neither is being shown in China. But then Murdoch has never made a secret out of his amicable leanings toward Beijing. He must be glad that the film - like the liner

Plucky

Stúrovo, a little town nestled on the Danube in Slovakla, may not yet have a Nobel Peace Prize to its name but it might yet pick up a nomination. The citizens last year united to best off the Bratislava Mafia. Yesterday they were defying the might of prime minister Vladimir Médiar, who recently cancelled a nationwide referendum on Slovakia joining Nato.

Stúrovo folk wanted to vote anyway and the mayor went ahead with a local referendum, despite the PM declaring the move illegal. Despite Méciar and bad weather, politing yesterday was said to be

Financial Times 100 years ago

The Cuben Crisis Day by day the prospect of war between the United States and Spain is becoming more only a miraculous intervention of Providence could now prevent the outbreak of hostilities. Unfortunately the Senate and the House of Representatives have arrived at unanimity in regard to the resolutions to be submitted to the president. The only hope left was that a prolonged squabble might arise between the two Houses. The Senate, as might have been expected from such an utterly incompetent legislative body, which would be ludicrous were its actions not so mischievous, was determined to declare the Cuban junta a responsible

50 years ago Elections in Italy

Rome, April 19. Christian Democrat candidates, spearhead of the anti-Communist parties, held the lead for some hours after counting began in the Italian general elections in which, it was estimated, 87 per cent of the electorate voted. Premier Signor de Gasperi's Christian Democrat Party organ, If Popolo, came out tonight with a special edition with big headlines: "First results of great

victory."

MONDAY APRIL 20 1998

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THE LEX COLUMN

Puffing bulls

For a whiff of stock market hype, look no further than Tabacalera, the Spanish tobacco company, whose full privatisation will be complete next week when the government sells its 52 per cent stake. Its shares have handsomely outperformed a market which itself has roared ahead by some 43 per cent since January.

To be sure, Tabacalera has a good story to tell. Earnings growth is expected to average over 20 per cent a year for the next two to three years, as tobacco prices are raised to bring Spanish taxes in line with the rest of Europe. Furthermore, full privatisation will free the company to implement its cost-cutting plans.

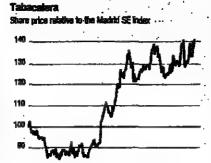
But this is still a tobacco company, with the bulk of its turnover in a mature market facing declining sales. As such, a share price rating of around 28 times this year's earnings looks unsustainable. Val-ued on multiples of enterprise value to earnings before interest, tax, depreciation and amortisation, it is trading at a premium of well over 50 per cent to Selta of

It is not alone in its fancy rating. The market p/e is close to 25. Spain's strong macro-economic fundamentals have played their part in spurring on equities. But another factor, the scarcity of new paper, should fade away with a huge volume of shares, including Endesa's Ptal.366bn (\$8.870bn) share offering, to be unleashed later this year. With appetites about to be sated, the Spanish bull market cannot have much further to run.

Canadian banks

Two banks to merge. Cue in joyful hymn about cross-selling, critical mass, higher returns. Pan to shareholders rejolcing. Erect suitable backdrop to celebrate the planned merger of Canadian Imperial Bank of Commerce and Toronto Dominion

It is a familiar tale, but while the issues may be similar to in the US, the context is not. The Canadian regulatory climate still frowns on big mergers, with the government's policy review to report in September. Then there is the politics: unlike the US, where bank chiefs can lay waste to their staff, the same is not true in Canada. Banks are peculiarly unpopular, despite customers getting a reasonable deal. Hence the CIBU/Toronto deal is cloaked in



national interest arguments, with shareholders barely getting a mention.

The fall in bank shares on Friday was a

case of "buy the rumour, sell the fact". In fact, CIBC and Toronto shareholders should benefit from a deal which is a good combination of products and management. So should consumers, especially as the country is faced with two mergers after the earlier announcement from Royal Bank and Bank of Montreal. This competitive element should ensure that cost benefits do not flow solely to shareholders.

Theoretically, finance minister Paul Martin could veto these deals. More likely, he will do the right thing, while extracting some high visibility concessions about maintaining jobs and service.

Even the best laid plans can go awry, although Boris Yaktsin's intemperate dismissal of his prime minister and cabinet hardly falls into that category. With the Russian Duma for the second time rejecting his prime ministerial nominee, Sergel Kirtyenko, investors may be forgiven a certain uneess. A third rejection, provoking elections, would prolong uncertainty and impede important reforms. But such an outcome is unlikely, with communist opposition likely to melt away as instincts for self-preservation come to the

Nonetheless, the spectacle of further horse-trading before the next vote will depress investors. It was the opaque poli- be severe.

CONTENTS

ticking holding up reform that led Mi Yeltsin to take radical action in the first place. Since the dismissal of Victor Chernomyrdin last month, the Russian stock market has fallen around 7 per cent. It is down more than 20 per cent since the start of the year. Yields on treasury bills have moved back above 30 per cent.

In the context of a highly volatile market this is not earth-shattering. But earlier equanimity in the face of political turmoil has been unsettled. Restoring investor confidence will require more than just a positive vote for Mr Kiriyenko He will need to prove he is his own man. Going ahead with the Rosneft privatisa tion will be a good early test. But tackling the main economic problems and fiscal laxity will be the real challenge.

Latin America

Latin American governments have long regarded privatisation as a good way to fill their coffers. Suddenly, the family silver is being left on the shelf. A Brazilian electricity distributor, Venezuela's giant aluminium producer, and Ecuador's telecoms company have failed to attract buyers in the past few weeks.

Asia's crisis is one explanation. It has raised risk premiums across emerging markets, leading bidders to become pickier. Brazilian 10-year bonds now trade at a 4.5 per cent premium to the equivalent US Treasuries, 30 per cent higher than last summer. In Venezuela's case the difference is 55 per cent. These higher interest rates also affect buyers who want to finance their acquisitions in local currency to match assets and liabilities.

But governments must take some of the blame. They have been reluctant to adjust sale prices to the new climate. Venezuela insisted on a minimum price of \$2.1bn for its loss-making aluminium company, even though adviser Merrill Lynch recommended \$1.8bn. In both Venezuela and Ecuador, bureaucratic inexperience and union opposition created uncertainty. Brazil is selling companies with complicated structures and regulatory constraints.

This matters. All three countries are relying on privatisation receipts to finance big trade and budget deficits. Brazil hopes to raise \$25bn in 1996 alone. Il the sell-offs stall, the consequences could

British Steel to cut costs by paying suppliers in euros

British Steel plans to pay some of its UK, Australian and Brazilian suppliers in euros instead of pounds

The move could help push other UK companies into embracing the euro for domestic use, ushering in a British economy that operates in two currencies. British Steel receives much of its

income in continental European currencies and has been hit exceptionally hard by their decline against the dollar and the pound. It will not force suppliers to accept payment in euros, but smaller companies will be anxious to please such a behemoth, although many of them which were previously barely exposed to exchange rate risk would

euro against sterling. "Larger British companies will use the euro to pay suppliers or expect euros, creating a cascade effect."

become vulnerable to moves in the

rate Treasurers.

In this way the euro could enter the UK by the back door, even though the country will not join the planned launch of European economic and monetary union on January I, 1999. Britain is not expected to enter Emu until 2002 at the earliest.

ICI is thought to be the only other major UK company to have sald so far that it wants to deal with British customers in euros rather than pounds.

However, Richard Sykes, head of ICI's euro steering group, said: "We would expect quite a lot of other UK companies to follow suit."

the UK. The British branch of Siemens, the German electronics company, will encourage UK suppliers to accept payments in euros.

But smaller companies may be unprepared for a switch to euros. A their customers to pay them in survey by the Federation of Small said Jeremy Wagener, director only 4 per cent of companies had drop to £250m this year.

general of the Association of Corpoand customers over invoicing and payments.

. The survey, carried out to assess euro awareness and preparation among small companies, found 33 per cent expected the euro to have a negative effect on their business, while only 18 per cent had seriously" considered preparing ahead of its launch.

British Steel said it would tell suppliers about its plans to pay in euros "before too long". The company is embarking on a wider initiative to reduce supply costs. It hopes in particular to persuade suppliers of raw materials in Brazil and Australia, where the dollar has long been a Many multinationals are also key mode of exchange, that "using expected to want to deal in euros in the euro might actually be an advantage to them".

British Steel believes its move will prevent further losses from exchange rate changes. Chiefly because of the pound's ascent, the company's pre-tax profits shrank from £1.1bn in 1996 to £450m in 1997. Businesses, published today, found with analysts expecting a further

Summit sets 2005 for creation of common market in Americas

By Gorard Baker in Sentiago

The leaders of 34 countries in the Americas yesterday promised to vices by 2005 that would ambrace 750m people.

The heads of government insisted of the Americas (FTAA) was realistic in spite of growing doubts about the commitment of the US, by far the largest country in the region, to further trade liberalisation.

"Here in Santiago the ground has been broken for the creation of the largest free trade area in history," said Eduardo Prei, president of By the time the negotiations were Chile, who chaired the second Summit of the Americas.

In two days of discussions the steps to combat drug trafficking and

first Summit of the Americas in explicit part of the free trade Miami in 1994. But US President Bill Clinton's failure to secure fast-track trade negotiating authority from the press ahead with the creation of a US Congress has since cast doubt on common market in goods and ser- the prospects for further integration

of trade in the region. In an attempt to demonstrate its seriousness about the project, the that their goal of a Free Trade Area US, along with other countries at the summit, approved a detailed timetable of negotiations already agreed by trade ministers that would culminate in the signing of the agreement

> Officials insisted they could contimue constructively in the absence of the fast-track authority in the US. would have approved fast track.

In an effort to convince sceptical trade area would not lead to the export of US jobs to countries with lower labour costs, Mr Clinton persuaded the other summit members to make so-called "civil society" lasues, such as protection of labour

agreement

In the battle against drugs, the US and Latin American countries agreed to a new system of regional surveillance to ensure all countries take appropriate action to stop the narcotics trade.

The Organisation of American States will oversee a system of multilateral evaluation by which groups of countries would review the progress made by other governments in the region. Over time, officials said, this system would supersede the US certification process by which Washington unliaterally decides whether countries are taking sufficient action and can impose sanctions if it con-

cludes they are not. The summit leaders agreed on the need to improve education and countries of the hemisphere - except members of Congress that a free health services throughout the region and to mak the eradication of poverty. They pledged to earmark funds to achieve universal primary education by 2010.



to at their weekend meeting. Report, Page 4

Companies & Finance

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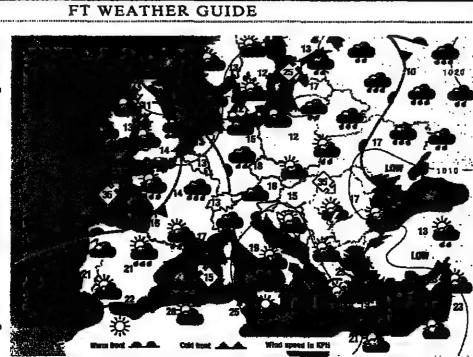
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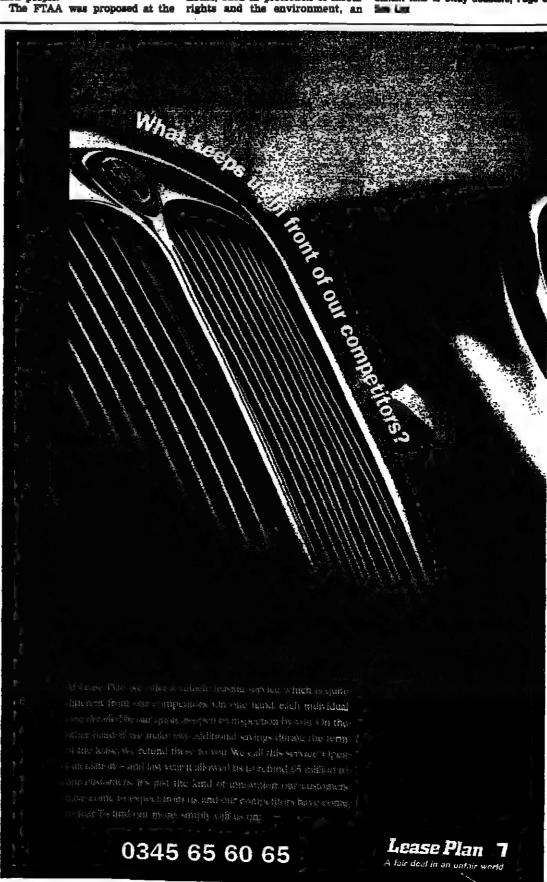
with sleet over the higher regions. The south will start bright, but rain will turn heavy in the north and spread eastwards across the Low Countries, Germany, the Alos and northern Italy. Eastern and southeastern Europe will have sunny some heavy and thundery around the Balkans. Farther east towards Russia there will be steadler rain. Most of the Maditerranean will be dry with sunshine, but northern Soein will have showers.

Five-day forecast Much of the Mediterranean will be sunny, but the Iberian peninsula will have heavy and thundery rain on Wednesday with local flooding

likely. This rain will spread across much of the Mediterranean by Friday, Western and central Europe will become dry and sunny, but Scandinavia will stay unsettled.



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FINANCIAL TIMES

COMPANIES & MARKETS

MONDAY APRIL 20 1998



INSIDE

Finger-pointing starts at Cendant

The finger-pointing at Cendant has started. Just a day after news of "potential accounting irregularities" knocked nearly 50 per cent off its \$30bn market capitalisation, Cendant fired Cosmo Congliano, a senior vice-president. The problems centre on CUC's membership services business, expected to generate almost 40 per cent of Cendant's 1998 revenues. Market movers, Page 17

SNB launches repo market Switzerland, which is fast becoming one of Europe's more heavily indebted countries, is launching a repo market in a bid to boost the liquidity in its money markets and give the Swiss National Bank a new monetary policy tool for creating and siphoning off liquidity. Page 18

Focus stays on yen The currency market's focus will remain firmly on Japan and the yen this week, although expected UK economic data have the potential to surprise

sterling investors. UK labour market statistics are due on Wednesday and first-quarter GDP figures on Friday, Page 29 F&CM gets aggressive

Foreign & Colonial Management, the oldest and one of the biggest investment trust managers, plans actively to target trusts run by other-managers that run into trouble. This dog-eat-dog approach springs from the rapid consolidation of the £60bn (\$100bn) trust sector. Page 16

Gold Fields suspends unit

A Maria

er traffig e

The low copper price has claimed a new victim.

Gold Fields Namibla has suspended the operations It after big losses. Taumeb employs about a people at the copper mines of Kombat, Khusib Springs and Otjihase and at a copper and lead of Taumeb Corporation and will apply to liquidate it after big iosaes. Taumeb employs about 2,000

> That market returns to normal After providing some of the world's best returns last quarter - 53 per cent in dollar terms - the Thai equities market has returned to normal. Since a high was reached in February, the market has slipped back, in baint terms it is now up only 17 per cent on the year, Emerging Markets, Page 19

> Owens-Corning puts unit up for sale Owens-Coming, the Ohio-besed manufacturer of glass fibre and other building materials, is putting its glass fibre yarns unit up for sale. It said the arm, the second-largest producer of glass yarms workfwide, had sales of about \$300m lest year and employs about 1,500 people. Page 17

Battle of the benchmarks hots up The establishment of a widely recognised benchmark for European short-term interest rates is becoming a pressing leave in the run-up to next month's announcement of the founding members of European aconomic and monetary union. Two rival groups, Euro Libor and Euribor, are fighting to Impose their reference rates. Derivatives, Page 20

VA Tech shrugs off Asia crisis

VA Technologie, Austria's largest engineering group, has shrugged off problems in Asia by increasing its order intake 24 per cent, to Sch12bn (\$944m), in the first quarter of 1998, its order intake last year was flat at Sch44.1bn. Page 17

FT GUIDE TO THE WEEK

- full listings Page 38

BANANA BATTLES European Union farm ministers meeting in Luxembourg today will continue to try to agree on how the EU should modify its banana import regime. The World Trade Organisation has backed a complaint from the US that the EU unfairly favours Caribbean banana-growers. CHINESE LEADER VISITS JAPAN

Tomorrow Chinese vice-president Hu Jintac begins a six-day visit to Japan. He will mest senior figures such as Ryutaro Hashimoto, prime minister. OFF THE MANK

Germany's lower house of parliament is expected to give the go-sheed for the country's participation In the euro currency on Thursday. This means the end of the D-Mark, on which much of Germany's post-war economic strength has depended.

COMPANIES IN THIS ISSUE

ABB	18 Gold Fleids Nemible	
AIG	19 Goldman Sachs	,
Aoba Life Insurance	19 ICI	
Aon Group	1 ING Barings	•
Argos	16 J&H Marsh & McLenna	n.
At Entertainment	2 Kvaerner Mase-Yards	
BZ Group	15 Lazio	
Bandelnantes	20 Light	1
British Aerospacé	15 Menzies Hotels	ľ
British-Steel	14 Memili Lynch	
CIC	20 Metropolitana.	* 3
Canal Plus	NCR .	
	National Aluminium	
Caterpille	Owene-Coming	•
Cendant	. 17 Pentex	•
Cesana	9 PriceLine	
Credit Mutuel	20 Progressive Asset	
Deseault Aviation	15 Royal/Dutch Shell	
Eva Airweys	19 SGS-Thomson	
Evildron	18 Schweb (Charles)	•
F&C Management	16 Sibir	•
Finnyards	10 Siemens	3,
Fortune Oil	17 Skanska	•
GUS	16 Tsumeb Corporation	•
General Motors	t8 Ugraneft	1

9 VA Technologie

MARKET	S	TATISTICS	,
Base landag rates	25	Foreign exchange	7
Benchmark Gort bonds		London recent issues	21
Companies disty	21	Lunden share service	30,31
Othidani osyments	22	Managar sales mars	22-34
FT/S&P-A World indices	35	Money markets	29
FT Gold mines index	21	New Inti bond lawes	21
Fi Solde to currencies	26	Stack approach at a glance	27

\$22bn float tempts Goldman partners And not for the first time, say William Lewis and Tracy Corrigan

Sachs, one of the world's leading investment banks, meet to discuss whether to float the and chief executive officer, to trade at about 3.5 times book ners. Combinations such as firm on the stock market it burningte discussions before a value Goldman's equity capitory and Dean Witter and

The June 12 meeting in New York will be the seventh time in the past 27 years that Goldman partners have discussed ending their 130-year-old partnership structure. Each time the partners have rejected nge, opting to pursue their global investment banking ambitions as a private partneramutations as a private partner-ship. While the agenda for the amutal meeting is yet to be published, people close to the bank say a flotation will be formally discussed as part of a review of Goldman's capital

structure. The issue was last raised in January 1996 when deep divisions between recently elected and longer-serving partners forced Jon Corzine, chairman

Goldman partners appear confident that the firm will take the plunge and vote to become have helped boost the capital a public company. The combination of an extremely strong outs, of recently elected part-US stock market, several years of big profits and the rapid consolidation of the financial services industry has pushed several partners to reconsider their opposition. Since January 1986, the Dow

Jones Industrial Average has risen by about 75 per cent, and there has been a sharp increase in the multiples of book value at which securities firms in the US have sold. Merrill Lynch and Morgan Stanley Dean Witter, Goldman's two leading investment

This time, however, senior equates to a rough market valuation of \$22bn.

Two years of strong profits accounts, and potential navners. Goldman reported record pre-tax earnings of more than \$1bn for the first quarter of its 1998 fiscal year. As a result, some partners say conditions for flotation are particularly favourable. Many in the firm see this as a once-in-20-years opportunity to go public, a New York-based partner said. "If we do not do it now, then who knows when the next time might be," he said,

The rapid consolidation in the financial services industry has also contributed to a banking competitors, both rethink among Goldman part-

posed merger with Citicorp. are "rather large plates of food for thought for us", one partner said. Senior partners insist the firm does not intend to over the plan is inevitable. give up its independence but

having publicly traded equity

would bring advantages. in order to pursue its ambitious growth strategy and its emphasis on capital intensive principal activities." says Art Soter, financial services analyst at Morgan Stanley Dean hindrance in buying, or merg- been made partner. ing with, a larger entity."

Wall Street, is still one of the

greatest prizes in investment banking, bringing an estimated annual remuneration of \$10m-plus. Some partners could receive pay outs of up to \$80m if the firm went public.

As a result, some conflict "One generation is going to cash out at 31; times book value, instead of one times "Goldman needs to go public book value," said an executive tee is against flotation at a rival firm. While strong profits may have assuaged the concerns of recently appointed partners those who will miss out will be retired partners who have already taken out Witter. "Its current unique their money and younger capital structure could be a employees who have not yet

own direct equity but enjoy without a flotation.

According to sources close to Goldman, they will be involved in the flotation discussions at the June 12 meeting. The MDlites will, through an uncentive programme, be able to share in sentor pariners concede that lower-ranking executives

would need to be rewarded. People at the firm say at least one member of the ruling six-person executive commit-

The firm is separately examto its different businesses. Henry Paulson, Goldman prestdent and chief operating offireview next month. The concern about whether Goldman has enough capital - and is There are approximately 190 using it in the right way to Yet the stakes are high. A full equity partners, plus maintain its global position partnership at Goldman, the another 210 so-called "manag- has led some to suggest that largest private partnership on ing director-lites", who do not change is inevitable, with or



BAe and Dassault expand link

British Aerospace and Deseault Avietion are to form a joint venture to develop new technology that could be used in their competing combat aircraft, Eurofighter and Rafale. The venture, expected to be agreed within a few months, will deepen a technology alliance formed between the two companies three years ago.

It will be the latest in the web of links between European defence manufacturers edging the industry towards consolidation following the fall in defence spending since the end of the cold war.

rationalisation

Britain, Germany, Italy and Spain are pressing ahead with Eurofighter, while France plans to order Dassault's Rafale and Sweden's Saab is producing the Gripen fighter. BAe has a marketing agree-

ment with Sash for the Grinen. and is also working with Lockheed Martin of the US on the next generation of joint strike fighter, which is expected to be ordered by the US navy, air force and marines and by the UK's Royal Navy.

Under BAe and Dassault's current informal co-operation agreement 14 French engineers

the early stages of marketing have been working at BAe's
three competing new aircraft, plant at Warton, Lancashire, keen to strengthen ties ment after Roche, Credit Suipresenting an obstacle to and the same number of Britbetween Dessault and Aeros asse and UBS. ish engineers have been based at Saint-Cloud, France.

Dassault said the teams were intended to work on advanced technologies to be used on whatever followed the Rafale and the Eurolighter, but both companies said it was possible some of their work might be used in mid-life upgrades of Rafale and Eurofighter.

duce technology demonstrators for systems that could be introduced in 15 to 20 years, either on the present generation aircraft or on the future offensive aircraft system - the next generation model.

patials, the French state-controlled group which is a pertner with BAe in the Airbus consortium. Alain Richard. defence minister, said recently he thought reinforcement of

auch links was essential. A rapprochement appeared closer this month with the announcement that two more Aerospatiale executives were to join the Dassault board.

However, a link between the two has long been resisted by Serge Dassault, Dassault's head, who has indicated he would merge with Aerospatiale only if the combined group was privatised.

Ebner increases his stake in ABB

Martin Ebner, the Swiss stock market in the second financier, has increased his half of 1997 because of constake in ABB to more than 5 per cent, in a move that could signal plans to take a more active interest in the internstional engineering company.

Mr Ebner's BZ Group manages about SFr20bn (\$13bn) of publicly quoted investment funds. It has raised its stake in ABB AG, a quoted Swiss holding company that owns half the Swedish-Swiss engineering conglomerate, to 11.61 per cent of voting rights, about four

times the provious level. stake is believed to be Mr

Mr Ebner is one of Switzerland's most successful and controversial investors. He takes long-term stakes in a handful of Swiss blue chips, such as Roche, and makes a few his investments in underperforming companies where he takes an active role in gin-

gering up management The latter strategy paid off last veer when he helped precipitate Credit Suisse's acquisition of Winterthur, an underperforming Swiss insurer, and Union Bank of Switzerland's defensive merger with Swiss Bank Corporation, its smaller but more aggressive rival.

ABB's share price substantially underperformed the cerns about its exposure to Asia and the indefinite postponement of Malaysia's Bakun dam project, its biggest order.

Simon Marshall-Lockyer of NatWest Markets, who prediets ABB will double earnings. to \$2.5hn by 2000, says there is not much that Mr Ebner can criticise about ABB's recovery strategy.

But if ABB's long-promised acceleration in earnings growth to a steady 17 per cent a year fails to materialise ABB AG has a market capt- soon, Mr Ebner may present a talisation of SFr22bn. The problem for ABB's new management team. It is led by Göran Lindahl, who took over from Percy Barnevik, architect ASEA and Switzerland's

Brown Roveri. ABB's two biggest long-term shareholders, Sweden's Wallenberg family, which controls 25.8 per cent of the Swedish holding company, and Stephan Schmidheiny, a Swiss financier who controls 14 per cent of the Swiss company, have both been selling their shares. Last year Mr Schmidheiny left the ABB board and this

month Claes Dahlbück, chief executive of Investor, the Wallenbergs' main investment vahicle, also resigned.



SIMON DAVIES **GLOBAL INVESTOR**

different.

Bond yields can go lower

world war one in the UK is an

provide a reliable proxy for

global real interest rates. Since

Michael Hughes, director of

tight fiscal and slack monetary

down to the current levels, but

it is the supply of savings that

will push them down further. Certainly, there is a strong

case for arguing that European economic and monetary union

presents a benism combination of events. Under the stability

pact, members of Euroland are

supposed to aim at a balanced

budget, which means no net

new issuance of bonds, and

Baring Asset Management, argues that a combination of

policy has pushed real yields

September 1992, yields have

dropped by 200 basis points -

or 2 percentage points - to their current level of 2.8 per

How low can bond yields go? question, since it has been the driving force behind the inancial market booms. In theory, there is no reason why they should not fall further. When the benchmark Japanese government bond yield went below 2 per cent ast September there were gasps of awe, but it continued its decline to a low of 1.55 per low in spite of recent warnings from a credit rating

In an era where rovernments are apparently responsible and baby boomer are showing an increasing propensity to save, there is the potential for a virtuous circle increasing demand and declining supply of bonds. One of the most positive arguments for the bond

markets recently has been dwindling supply. An extended economic boom in the US and Maastricht-imposed government slimming in Europe have resulted in a substantial decline in government bond issuance

and this is the largest single

category in the bond markets. JP Morgan estimates that the net issuance of bonds by the 15 largest countries in its Global Government Bond index will fall by \$195km to \$246bn in 1998. In the Anglo-Saxon bloc and in Scandinavia there will be an actual reduction in outstanding debt. David Miles, econor

points out "I don't see the scope for real interest rates to Furthermore, this fiscal drop dramatically from these constraint is hitting home the fact that governments can no levels, if you look at periods where there have been dramatic changes in the supply of bonds, the impact on So they must cut back on their own pension liabilities real yields has not been marked." The period during and persuade taxpayers to fill

obvious example, but current savings via private penrimmetances look a little Under this combination of circumstances, there appears Even if the reduction in supply does not have a direct an argument for lower real impact on yields, the fiscally yields in Europe, even when austere policies that are short-term interest rates starf bahind it have a direct to nudge upwards for the core

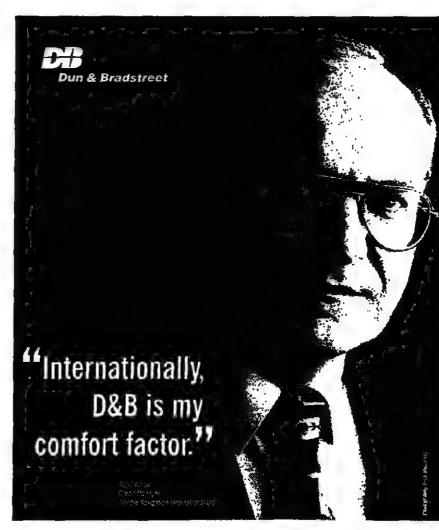
influence on inflationary European countries. expectations, which drive the As Mr Hughes says: "I think bond market. hat we have an environment Of course, a lot of this is where the secular influences are now greater than the already in the market. As the largest, oldest and most houid cyclical influences, as far as index-linked bend market in ond yields are concerned." the world, index-linked eilts

This argues for some kind of new range for real yields. If this new range is, say, between 2 and 3 per cent, you add a 0.5 per cent risk premium and inflationary expectations ranging from 1 to 3 per cent. and that gives a range for bond yields of 8.5 to 6.5 per

the gap through increased.

That suggests 5 per cent yields are not such an stonishing target, and James Montier, global strategist at NatWest Markets, argues that is where US long bonds should be in a year's time. Besides, gilt yields in the UK

are still not at alarmingly low levels by historical standards. They averaged 3.7 per cent between 1918 and 1950 compared with the current benchmark yield of 5.8 per



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Liffe expected to make radical changes

By Edward Luce

The London International expected to make radical board meeting today, which could include full demutu-

The meeting, which follows a decision last week to cut the size of the board from 24 members to 18 and to appoint a full-time chairman with executive powers, to its shareholders.

Foreign & Colonial

Management, the oldest and one of the biggest invest-

ment trust managers, plans

to actively target trusts run

by other managers that run into trouble. This

dog-eat-dog approach springs

from the rapid consolidation

of the £50bn (\$100bn) trust

investment trust business

and we are willing to pay to

do this. We would like to be

a beneficiary, rather than a

victim, of consolidation"

said Robert Jenkins, who

decided the new strategy

"We want to grow our

The derivatives exchange Pinancial Futures and is suffering from a tarnished Options Exchange (Liffe) is reputation in the light of the success of a recent competichanges to its structure at a tive onslaught by Deutsche Terminbörse, its Frankfurthased rival.

Officials say the board will consider a number of proposals to change its governance structure, including convert-

F&CM gets aggressive

- but if there are beauty

parades [to choose a new

have been forced on fund

management groups by the

year according to NatWest

Markets, the first net out-

flow since 1990, and analysts

predict there is a lot more

dominant investment trust

sector, the big generalist trusts, could "easily shrink

by another 20 per cent" over

F&CM's chief executive in the next 18 months or so, investment trusts [said SBC

membership. At the moment, all shareholders are members and vice versa. Although Liffe is unlikely to decide on a public flotation, the exchange is planning to increase the propor-

Liffe's structure is considered too cumbersome to be aggressive tactics of its con-Demutualisation would tinental European competi-

The consequent loss of

fees under management

from trusts that are being

broken up or are willing to

"A number of managers

are clearly shell-shocked and

I do not think they will have

especially if they have got

[foreign] owners that are not

closed-end funds [such as

taken by some groups.

ber-shareholders whose returns for shareholders. interests often diverse from each other and can also clash with the broader strategic interests of the

former traders, many of recent DTB initiative offer- Liffe will also agree on ing six months free access to reductions to the exchange's

tronic system earlier than it did, say critics.

In addition to changes to budget at today's meeting, in sion to reduce fees from 42p per transaction to 25p. Liffe is also reviewing an earlier "open outcry" trading floor

COMMENT

Italian pay-TV

So there will be competition in Italian pay-television after all. Maybe. A long-awaited announcement by RAI and Telecom Italia that they will develop a digital platform to rival Canal Plus's virtual monopoly, Telepiu, looks a classic spoiler. The French operator remains under pressure from the Italian government to cut its 90 per cent stake, but attempts by RAI and Telecom Italia to snap up a chunk of Canal Plus's stake have stalled on price and control issues.

As the fall in Canal Plus shares showed, the threat to compete head-on may be more effective. The prospect of multially assured destruction through higher content costs, marketing and subscriber confusion could bring the French operator to heel. Then again it may not. Canal Plus does have other options. A flotation is conceivable. Other Italian media groups could buy the stake if competition authorities permit. The Berlusconi-controlled Mediaset - in on-off talks

with BSkyB - is one possible purchaser. If so, RAI and Telecom Italia may be left with the unappetising task of constructing a second platform from way behind in the race. Telepiu has already locked up many of the most desirable football and film rights, and consequently enjoys a growing subscriber base. The experience of TPS in challenging Canal Plus in the French market suggests they should be prepared for steamy losses ahead.

When the history of memorable bid battles is written, the latest snippet from Argos on recent trading might merit a footnote. It is debatable whether the content of the announcement will have much impact on Argos shareholders, weighing up a final 650p offer from GUS.

But allowing the announcement in the first place is arguably more important. Takeover panel consent was needed, because as it comes after day 39 in the bid battle, when both sides are supposed to silence their guns. The Argos update relates in part to trading days after this date, so it is not a case of it slipping out helpful information it has belatedly discovered. This would clearly be wrong. Still, a precedent has been set, which the panel may live to regret. Bid battles could get a whole lot noisier.

Argos in last-ditch defence against GUS

By James Mackistosis

Argos, the catalogue retailer, at the weekend launched a last-ditch defence against Great Universal Stores' hostile £1.9bn (\$3.2bn) bid after negotiating an unusual exemption from competition rules.

Argos announced sales un 13.8 per cent on last year in the three weeks to April 11, higher than the previous three months' figures. Likefor-like sales were up 7.3 per cent, against 4.8 per cent in the three months to March

be published - new announcements are usually banned after day 39 of a 60day bid. In return, GUS has been given the opportunity to increase its 650p-a-share offer or extend Friday's deadline for acceptance of the offer. But GUS dismissed the fig-

ures as "misleading". Lord out that the dates chosen for the new figures included Easter Saturday - a boom time for retailers - but this worst days, Easter Day and

year excluded two of the

Easter Monday. Last year's figures suffered through the early Easter.

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ing criticism of Liffe's curmean severing the link tors. At present, Liffe's trends in the market and to move to the cheaper - and rent management.

between shareholding and board is dominated by memfocus purely on maximising less labour-intensive - elec-

tion of independent directors. ing Liffe into a profit-making able respond effectively to company accountable solely the nimble and increasingly

based counterparts, sepa-

Critics of Liffe - including whom have responded to a its governance structure,

In contrast, the DTB, its screens – say its complex budget at today's meeting, its which has formed a strategic structure has made it much the light of its recent decialliance with Matif and Sof- easier for the DTB to steal a fex, its French and Swiss- march on London. rates shareholding from bers are also floor-traders or decision to move to a larger membership. This enables large-scale employers of

The fact that Liffe's memthe German exchange to floor traders prevented the at Spitalfields in east Lon-

respond more swiftly to new board from embracing a don.

Progressive plans new vulture fund Internet access to

according to SBC Warburg Warburg Dillon Read.

manager for a trust) or bid- means that groups which

ding contests we will be in want to grow their investthere each and every time". ment trust business, will

This aggressive strategy reflects the hard choices that and pay premiums for assets

shake up within the sector. switch managers. The alter-

Some 2540m of assets van-ished from the sector last sector altogether may be

consolidation to come. The the stomach to stay in there

محاطون معارج Progressive Asset Management, the "vulture fund" manager, hopes to launch a fund in June to target sickly emerging markets invest-

ment trusts. "We are talking to (institutional investors to see what the lie of the land is with a view to marketing in May and listing in June," said Nigel Wilson, former chief investment manager of the Bank of England who will

manage the new fund.

(\$100bn) investment trust sector than its £84m market capitalisation would appear shake-ups of at least two big

established trusts. The prospect of another vulture may strike fear into the hearts of investment trust managers - but is likely to cause quiet satisfaction among at least some discontented shareholders. The The fund will be a twin for vultures are the most visible Advance UK, the vulture manifestation of a maisise ber to target trusts investing provoked a bout of restruct- team up with discontented

in the UK and other developed markets. Advance UK urings, bids and wind-ups. fellow shareholders to peroped markets. Advance UK urings, bids and wind-ups. fellow shareholders to peroped markets. has already had a far greater lim in the discount between influence on the £60bn trusts' share prices and the value of their underlying assets. The widening of the discount has damaged share to warrant, being involved in price performance over the past few years, causing the average investment trust to

underperform the UK stock-

market. It has also attracted

predators, drawn to a pot of

about £8bn of "unrealised value", that could be realised if all the trusts in the sector were wound up. The Advance trusts aim to fund launched last Novem- within the sector that has wide discounts and then the "fire sale" of assets that

action, up to and including wind-up, to narrow the dis

Making profits with the new volture fund is likely to prove tougher than with its UK fund, as Progressive admits. The average emerg ing markets investment trust is on a very wide discount of about 16 per cent.

But forcing such trusts to wind up will not necessarily yield a profit. The assets are often so illiquid that they would fetch much less than buy into trusts trading on the stated net asset value in would follow a wind-up.

brokers at Schwab

Instant internet share immediately. Confirmation move a step closer today, with Charles Schwab, the US-owned brokerage allowing investors direct access to

tts brokers. But Schwab said direct intermet access to the stock exchange's computers would not be available until the end of the year.

Schwab's new system puts investors in the same position as the company's call centre staff. Buy and sell orders from the web appear

on the screens of brokers and are executed almost dealing for UK investors will is then sent back to the investor with the price. It will also allow investors to check their portfolio and

cash with the broker. Schwab save the move represents "a new generation of technology". Mark Collier, president of Schwab Europe, said: "I have no doubt that we will change forever the shape of the retail investment market. The undoubted winner here will be the British private share-

The company persuaded the Takeover Panel which

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Egyptian Electricity Authority IEEA)

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The pre-qualification documents prepared in

response to the RFPQ must be submitted to EEA

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short listed developers inviting them to submit their

proposals for the intended BOOT projects.

at the end of the specified period.

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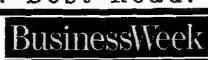
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NEWS DIGEST

GLASS FIBRE YARNS

Owens-Corning puts non-core unit up for sale

Owens-Coming, the Ohio-based manufacturer of glass fibre and other building materials, is putting its glass fibre yams unit up for sale. It said the division, the second largest producer of glass yams world-wide, had sales of about \$300m last year and takes in manufacturing facilities in South Carolina and Pennsylvania. It employs about 1,500 people.

The sale comes as part of a broader strategy, detailed last year, designed to sea Owens dispose of a variety of "noncore" assets, in an effort to reduce debt. It has already sold a number of other units - such as its interest in a resin joint venture and its Paloco unit.

Glass yarns are used in a range of industries - from printed circuit boards, to packaging materials. The US company said it would retain the glass fibre yams operations that are housed in its reinforcements facilities in Belgium and Ontario, Canada, Nikki Tait, Chicago

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Merrill hires Barings man

Matthew Greenburgh is to join Memili Lynch as co-head of the US investment bank's European financial institutions group. Greenburgh is the latest senior executive to leave ING Barings, the Dutch-owned investment bank. At Merrill, he will be co-head with Gary Weiss, replacing lan Brimecome, who moves to New York to advise the bank's insurance clients globally. Clay Harris

COPPER MINING

Gold Fields suspends unit

The low copper price has claimed a new victim, with Gold Fields Namibia announcing it has suspended the operations of Taumeb Corporation and will apply to liquidate the compeny after heavy losses. Taumeb employs about 2,000 people at the copper mines of Kombat, Khusib Springs and Otjinase and at a copper and lead smelter at Taumeb Itself. It was producing 2,500-3,000 tonnes of bilster copper a month.

Gold Fields, which bought Tsumeb from Newmont Mining in 1987, said it had lost more than N\$60m (US\$11,9m) in the six months to December last year and incurred further losses in the first quarter of 1996. Taumeb's earnings were also hit by a six-week strike in 1996 which cost it N\$70m.

A rescue package remains possible. "The government seems to feel it can find someone," said Hugh Robinson, managing director of Gold Fields Namibla. "We believe there will be a rescue operation to buy the business out." Peter Janisch, chairman, said the application to liquidate Tsumsb would probably be heard in the High Court in Windhoek, the Namibian capital, tomorrow.

JFK AIRPORT LINK

Victor Mallet, Johanneaburg

Skanska, Bombardier contract

Skanska of Sweden, Soundinavia's largest construction group, and Bombardler of Canada have won a \$1.3bn contract to York's JFK sirport. The contract, awarded by the Port Authority of New York and New Jersey, was won against stiff competition from a rival alliance between GEC Alsthorn, the

Anglo-French group; and Flour Deniel of the US. Skansks, the lead contractor, said it was its largest order. its share of the project will be \$600m, with Bombarder taking \$550m and other contractors sharing the balance.

The 13.5km elevated link will provide a service between the airport and Manhattan, Construction is planned to start in September, for completion early in 2008. Greg Micivor, Stockholm

UK FLOTATION

Menzies Hotels sale postponed

Manzies Hotels, a 21-strong hotels chain, has postponed its share offering on the London Stock Exchange, blaming the voletility of the sector and low offers from institutional investors. The group was aiming to raise £15m (\$25m), which would have given it a market capitalisation of about 250m.

Menzies would have been the first hotel company in an initial public offering since Jarvis Hotels, the provincial three-star operator, came to the market in 1996. Nick Menzies, chief executive, who started the company in 1992 and has bought more than half its mainly three-star hotels from receivership, said: "Our flotation marketing has obviously come at a very difficult time and investors require a deep discount on the pricing of any new issue in the sector."

But independent observers said the company could not have chosen a better time to offer shares, considering arecent boom in the hotels sector.

The company said the postponement of the share offering did not mean the cancellation of its plan to buy four hotels leased to the group by the Royal Bank of Scotland for £6.3m.

ALUMINIUM

Indian group defies slowdown

National Aluminium company, India's largest aluminium group, defied a slowdown in the economy and falls in base metals prices to report a 14 per cent rise in operating profit to Rs9.38bn (\$236.4m) for the year to March. Revenues were up 8.34 per cent to Rs19.84bn.

Net profits advanced 12 per cent to Rs5.51bn but fell short of most analysts' expectations. Earnings per share rose from Rs3.82 to Rs4.27, and the dividend is expected to exceed the Rs0.60 a share paid last time.

According to S.N. John, chairman, "the export income was up 6.6 per cent to Rs6.8bn. We sold a record volume of 474,000 tons of alumina to foreign parties in 1997-98. There was a marginal fall in the export of aluminium to 55,500 tons. But since we get a good premium over the LME prices because of the quality of our metal we lifted our earnings from metal export." Kunel Bose, Calcutta

HK FUEL DISTRIBUTION

Fortune Oil to expand

Fortune Oil, the Hong Kong-based investment and fuel distribution group listed in London, will today announce a \$75m project to build a large oil storage facility in China. Its Maoming Kingming unit has signed a letter of intent with Maoming Petrochemical Corporation (MPCC) to invest in the facility, which is to be capable of storing 1m ou ft of crude oil.

MPCC, which holds a 30 per cent stake in Macming Kingming and a 2.5 per cent stake in Fortune, is one of China's largest refineries, with annual refining capacity of 8.5m tonnes. MPCC would be the main user of the proposed facility. Maoming Kingming operates China's first single point mooring facility, used for discharging oil from large carriers. Fortune, whose main focus is China, is also setting up a network of petrol stations in the country and is involved in other energy infrastructure projects there. Virginia Marsh

The finger-pointing starts at Cendant

Accounting problems at the newly formed group have left it struggling to appease investors, says Daniel Bögler

Market movers

The finger-pointing has started. Just a day after news of "potential accountnearly 50 per cent off its \$30bn market capitalisation. Cendant went to the trouble though he had already resigned from the direct marketing company a week business whose \$14bn

last December. The accounting problems, \$100m to \$115m, or 10-13 per cent, off profits in both 1997 nearly 40 per cent of Can- accounting profit. dant's 1998 revenues.

and Amy Lipton, the group's top lawyer, resigned on the same day as Mr Corigliano. Cendant is still being cagey about the nature and extent of the irregularities,

know, and an independent after it switched, under presinvestigation by accountants sure from Wall Street, from control of the company. Arthur Andersen has only appears that CUC overstated a more conservative one profits generated by its membership clubs, such as ing irregularities" knocked Travelers' Advantage, which offers discounts on hotel

bookings and car rentals. A 12-month membership of firing Cosmo Corigliano, a costs \$49. But in the first senior vice-president - even year marketing and service costs amount to about \$56, according to broker Bear Steams, producing a loss of earlier. Mr Corigliano had \$7 for each new member. been chief financial officer of The payback comes in year CUC International, the mar- two, when the marketing keting and membership club costs for renewing members - two-thirds of the total merger with franchising drop away, leaving a profit group HFS created Cendant of \$28, a 60 per cent margin.

However, that does not em have been fast enou which are expected to knock for CUC. It appears that the company booked a big part of the membership fee upand 1998, centre on CUC's front, while amortising the membership services business, expected to generate producing an immediate If this is what happe

Kirk Shelton, CUC's for- what remains unexplained is mer chief operating officer, how it escaped notice both during the merger's due diligence process and while Cendant was compiling its year-end numbers. CUC was forced to restate

its earnings once before: in and made his shareholders

partly because it does not 1989 it took a \$51m charge rich in the process, Mr Sil- using newly downgraded amortising member acquisi-

But according to the company, it was only as HFS of CUC's accounting systems

it was only as HFS finance people took control of CUC's accounting

systems that the Irregularities came to light

a fortnight ago that the irregularities came to light. According to one Cendant investor: "It is bizarre that it took them four months to merge such a basic back-office function."

Henry Silverman, Cendant chief executive, is making up for lost time. As the man who built the untainted HFS

untenable. The relationship between the two men, who were expected to switch jobs two years from now, is

Investors will undoubtedly expect heads to roll after such a calamitous drop in high-priced \$3.1bn bid for the share price, and some have already filed classaction lawsuits against Cen- posed to be in stock. Cendant. But there is a danger that in his attempts to appease investors, Mr Silverman will try to force CUC's Late on Friday, the two comlaid-back culture into a more rigid straitiacket.

Disgruntled CUC executives are already starting to ask whether he is using this incident as a pretext to mount an "internal takeover" of CUC. A widening gulf between employees of the two companies could eventually undermine the cross-marketing benefits on which the merger was based

in the first place. And there is a more immediate problem. Cendant's sbark who has to keep swimmost valuable currency for making acquisitions, its highly-rated stock, has disappeared overnight. Even

verman is rapidly taking full brokers' estimates, the group's prospective price! By contrast, the position earnings ratio has shrunk

just begun. However, it tion costs over three years to of Walter Forbes. Cendant from more than 30 to around chairman and long-time boss 17 - a discount to the US of CUC, looks increasingly stockmarket average. With a reasonably strong balance sheet, it should still manage to complete its \$1.3bn cash acquisition of National Car already deteriorating. Parking in the UK. However, there is now a

not to do.

big question mark over the American Bankers Insurance, half of which is supdant claims it will press ahead and simply issue more of its shares to compensate. panies reaffirmed their commitment to the deal. But at Cendant's current \$20 share price, the purchase would dilute earnings, something Mr Silverman has promised

Cendant's reliance on acquisitions for growth will now be tested to the limit. American International Group, which lost to Cendant in the battle for American Bankers, bittorly described its rival as "a ming to avoid sinking". Mr Silverman will certainly be paddling furiously in the

VA Tech shrugs off Asia crisis

By William Hall in Zurich

VA Technologie (VA Tech), Austria's biggest engineering company, has shrugged off the problems in Asia by increasing its order intake 24 per cent, to Sch12bn (\$944m), in the first quarter of 1998.

Last year, its order intake was unchanged at Sch-14.1br but VA Tech said it expected this would grow this year in spite of the financial crisis in accounted for 20 per cent of its order intake over the past three years.

However, VA Tech has warned that its earnings will be flat in the current year. Last year, it increased nei income 7 per cent, to Schl.5bn - almost half the average growth rate of the

past five years. A strong performance in metallurgical engineering and energy and environmental engineering, two of its three core businesses, was offset by a 20 per cent drop in profits from plant engi-

neering and services. The dividend rose 7 per cent to Sch31 a share, compared with an average increase of 15 per cent a year between 1993 and 1997.

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Evikhon to float on Russian stock market

Evikhon, a private Russian oil group partly owned by two quoted UK companies, is to be floated on the Russian stock market, according to Vadim Varshavsky, the new

The Russian company has a 50-50 joint venture with Royal/Dutch Shell to develop Salvm fields in western Siberia, which have proven recoverable reserves of .25bn barrels of oil.

Sibir, which is merging with its former UK parent Pentex, holds a 20 per cent stake in Evikhon and 26 per cent in Ugraneft, its associate. Dana Petroleum. another UK explorer, holds 10 per cent of Evikhon.

Mr Varshavsky said the flotation - possibly by the end of the year - could give Evikhon a market capitalisation of up to \$2bn. Western shareholders said the figure was unlikely to top \$1bn.

The appointment of Mr Varshavsky, 36, at the the oil-rich Khanty-Mansiysk annual meeting last week, is region in western Siberia. part of a management shake-up that has resulted in development, Evikhon was

Churilov, chairman. Mr Churilov has been replaced by Vladimir Shumeiko, former chairman of the upper house of parliament. "Shareholders asked me to

manage the company adequately," Mr Churilov said. Mr Varshavsky is to lead a restructuring of the group which has also been involved in cigarette imports - aimed at concentrating on

oil production. He promised transparency would be high on his agenda. "We must change the traditional attitude to shareholders in Russia as people who must give money and never ask any questions after it disappears," he said.

Mr Varshavsky also said he would propose a merger between Evikhon and Ugraneft. Evikhon has a 24 per cent interest in Ugraneft. Evikhon and Ugraneft were created by Mr Churilov, a former Soviet chief in

To finance the region's

the resignation of Valeriy given tax breaks by the Russian government to import tobacco products under licence from Philip Morris. But in 1996, the government cancelled the tax break on tobacco imports and froze resign because I did not Evikhon's accounts, demanding a full payment of accumulated duties.

Last month, Evikhon unveiled liabilities of \$180m connected to the tobacco imports, sending the shares in Sibir and Pentex down by more than 25 per cent.

Mr Varshavsky said the frozen account had been reopened and the \$180m debt restructional.

The development of the Salym fields, however, depends on a production still to be passed by the Duma, the lower house of Mr Varshavsky said he

was hopeful the main oil from the Salym field would start flowing by 2000. He said the field, which has already consumed about \$100m, partly at Shell's

SNB to start trading repurchase agreements

Switzerland, which is fast becoming one of Europe's Swiss government, and the more heavily indebted countries, is launching a repo market in a bid to boost the liquidity in its money markets and give the Swiss National Bank a new monetary policy tool for creating and siphoning off liquidity.

The Swiss National Bank. the country's central bank which has led the initiative, to stamp duty and has will starting trading today a revised the banking law to simplified repo, known as RepoLight, with a limited

The new instrument will replace the SNB's traditional swaps with federal money market debt register claims (MMDRCs), and a full repo market will be launched at the and of September.

last financial centres to widen the number of particiintroduce a market for pants with which it can deal, risks, repurchase agreements a future date.

legal disadvantages, the low borrowing needs of the dominant role of the big three Swiss banks in the Swiss money markets, has delayed the introduction of a Swiss repo market.

However, the Swiss government, keen to strengthed Switzerland's position as a financial centre, has decided that repos will not be subject allow the SNB to enter into repurchase agreements.

Meanwhile, the imminent merger of UBS and Swiss Bank Corporation, two of the big three Swiss banks, threatens to reduce the pool money markets and the SNB

Sega, the Swiss securities nate settlement risk. It will SNB can deal.

A combination of tax and also be possible to trade repos on the Swiss stock

The US, which has a \$2,000m repo market, accounts for 70 per cent of the worldwide reco business and most European central banks use repos as their chief monetary policy instruthat the Swiss repo market could reach SFr5bn-SFr10bn (\$3.3bn-\$6.7bn) within a year.

However, it will partly depend on the SNB's enthusissm for making the repo market its chief monetary policy instrument. At the moment it meets

the basic long-term liquidity requirements of the banking system by means of foreign of liquidity in the Swiss' exchange swaps. This is an extremely liquid market but has been pressing for the has a limited number of Switzerland is one of the launch of a repo market to participants and exposes American result, overseas the SNB to counterparty

The growth of a repo mar-(repos) which allow banks to clearing system controlled ket, permitting transactions borrow money on their secu- by the Swiss banks, will as small as SFrim, should rities portfolios provided manage the securities of the increase the number of par-they repurchase the paper at repo participants and elimiticipants with which the

Earnings slip at General

By Midd Tait in Chicaco

Motors

General Motors' solid performance at its North American operations failed to fully offset a downturn in earnings from the components and overseas businesses. prompting the biggest of the three Detroit-based carmakers to report a dip in first-quarter profits to \$1.6bn after tax compared with

\$1.79bn a year earlier. After adjusting for the sale of the Hughes defence business, the 1997 figure would

have been \$1.69bn. Like Ford and Chrysler, its main US competitors, GM's results were slightly ahead of analysts' expectations. At an earnings per share level, the company made \$2.27 on a fully diluted basis, compared with \$2.21 (adjusted for the sale of the Hughes defence business). According to First Call, expectations had averaged about \$2.25 a share.

But the shares still fell on Friday, by \$14 to \$684, as analysts worried about the effect of rising marketing costs. GM said its North American business notched up \$826m after tax, a quarterly record, and up from \$764m in the first three months of 1997 - in spite of a highly-competitive market-ing anvironment, where incentives remain at high

Michael Losh, finance director, warned that GM expected incentives to intensify in the second quarter, but anticipated some reduction in the rest of the year. During the first quarter, GM's domestic market share was held at 30.2 per cent, in spite of having delivered a reduced number of vehicles GM, which recently raised its cost-cutting target for 1996 to \$4bn, said it squeezed out an additional \$1.2bn in the first quarter alone.

But these cost-saving were partly offset by the higher marketing expenditure and a lack of volume increase, with the result that the domestic - net - margin improved only slightly, from 1 3.1 to 3.2 per cent.

In contrast to the North operations saw earnings fall from \$262m to \$160m. European business was little changed, making \$99m against \$94m, but South America and Asia-Pacific turned in a sharply-reduced \$81m. compared with \$188m.

Even so, the strains are of activity, and we expect inventory."

Caterpillar up 9% after tax

By Nikki Tait in Chicago

Caterpillar, the largest a like amount. manufacturer of earthmoving equipment, shrugged off the turmoil in Asia-Pacific, to announce record first-quarter results, reporting an after-tax profit of \$430m, up 9 per cent over the \$394m made in the same

period of 1997. The results translated into fully diluted earnings per share of \$1.15, up from \$1.03 a year ago, and ahead of anaysts' estimates

Sales rose 12 per cent yearon-year to \$4.79bn, with simiinside and outside the US, erated increases. while volumes increased by

Within the domestic market, the sales increase was driven by rising highway spending, higher demand from construction and agricultural-related sectors, and increased purchases by the forestry sector.

By contrast, sales to the metals mining sector declined, reflecting the fall in most prices there.

Brazil, Peru and Chile. Can-profit rise. However, Cater-

But Caterpillar said that there was a "sharp" downturn in Asia (excluding Japan), and that Japan itself saw a continued decline as recessionary conditions per-Group sales volumes were

also down by about 10 per cent between the fourth quarter of 1997 and the latest quarter, largely because of lower machine and engine sales outside the US.

lar rates of increase both ada and Australia also gen- pillar acknowledged that operating profit margin on machinery and engines declined by a full percentage point, to 12.5 per cent, compared with the first quarter of 1997.

The fall was attributed to spending on product line extensions and additional product support.

Nevertheless, Caterpillar added that it believed the outlook for the full year had not changed significantly. and that sales in 1998 overall should slightly exceed last Machinery sales rose in The revenue increase was should slightly exceed last Europe - excluding the UK, cited as the main factor year's levels, with the profit which saw a decline - and in behind the first-quarter result being "near that of

Japan key to Asia-Pacific

The US manufacturer is not optimistic about the region's performance, writes Nikki Tait

n the eyes of Doug Oberhelman. Caterpillar finance director, Japan remains the big imponderable that hangs over the future of the Asia-Pacific region, at least for the medium term.

"Japan is having a rough year... There's just no growth there and it is very problematic for the rest of Asia," he said in a recent interview. "How they handle the domestic situation there will have a great influence are watching that very closely, but we are not very optimistic this year."

When the Asian turmoil developed last year, Caterpillar was quickly earmarked by Wall Street as a front-line

At face value, this was hardly surprising about 15 per cent of the US company's revenues were being drawn from the region, and a downturn in Asian infrastructure work seemed likely to decimate machinery demand

To a large extent that has happened - yet the company's structure has offered two protections.

First, sales to end-users are handled via a relatively small number of large deal. ers, so that machinery, now suddenly surplus, has tended to sit in their facilities, rather than at the company fiself.

iself.
Second, Caterplitar's Japaness operation, which sup- product comes out of the plies both the local market Japanese joint venture, and exports into south-east Asia, is a 50:50 joint venture with 8,000 employees. But with Mitsubishi, and hence that doesn't make it any off-balance sheet. This easier to manage that joint consolidated into group prof- problems trying to size that



Digging in: Imports of new machines into Melaysia, Thelland and

obvious. "The import of new them to give us a return on machines into Malaysia, Theiland and Indonesia has dropped precipitously," says Mr Oberhelman. "Across those countries, we think the industry could drop by a third to a half before it's all

OVEL: "The vast majority of that which is a \$8bn company business to the current level

assets that is acceptable. "The good thing about the

Japanese business is that it was running huge levels of overtime - so that's the first thing that goes away. Many of its inputs are outsourced so sumpliers bear the effect

Oberhelman admits that in the region, Caterplinet price reduction in the cast of inputs – whether lar's dealers - which tend to act on a nationwide basis – means its results are not venture. They've got their are hurting badly: "They are going through some tough not have much of an inflatimes. They have a lot of tionary environment for our

machines. It also admits to some refinancing of dealer inventories through its Cat financial subsidiary. although Mr Oberhelman claims the company will "do ise the stock. Still, Wall Street's reap-"The thing that offends ma

Caterpillar says it is trying

to "rechannel" some surplus

praisal of Caterpillar shares plainly rankles.

sometimes is that these short-term Wall Street thinkers think we have never been through this and do not know how to do it," "This is just one in a lit-

any of these things all over the world. I lived in South America in the early 1980s and went through one that was a lot worse than this is going to be and it wasn't the end of the world. I think if you objectively look at what we're trying to do, assuming no more serious activity than we've seen, we will be all right.

In part, this belief is based on the improving conditions in other parts of the world and the solid US market, But Caterpillar, like many other US manufacturers, is also benefiting from falling materials prices - a trend that the recent economic turmoil

has helped sustain. "1998 will be, I believe, the fourth year in a row that we have seen a net materials cost reduction," says Mr Oberhelman.

"We are not only beating steel, tyres or glass. The



GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of ABN AMRO Holding N.V. will be held at 22 Poppingedreef, Amsterdam-Zuldoost at 2.00 p.m. on Wednesday, 6 May 1998.

Abbreviated agenda

- 1 Report of the Managing Board for the year 1997.
- 2a Approval of the 1997 annual accounts adopted by the Supervisory Board. 2b Discharge of the members of the Managing Board and Supervisory Board in respect of their management and supervision.
- 3 Report referred to in recommendation 29 of the Corporate Governance Committee.
- 4 Proposal to increase the annual fixed remuneration of Supervisory Board members.
- 5 Report of the Shareholders' Committee.
- 6 Authorisation of the Managing Board to have the company acquire shares in its own capital.
- 7 Authorisation of the Managing Board to issue shares and to restrict or exclude pre-emptive rights.
- 8 Any other business.

The full agenda with notes and the annual report for 1997, including the financial statements, are open for inspection from 3.00 p.m., 20 April 1998, and may be obtained free of charge at the company's office on 595 Herengracht, Amsterdam, and the main foreign offices of the bank mentioned below.

All shareholders and holders of depositary receipts may attend the meeting either in person or by proxy authorised in writing, provided the holders of bearer shares and depositary receipts have deposited their share certificates and depositary receipts respectively at one of the following banks not later than Wednesday, 29 April 1998:

In the Netherlands:

ABN AMRO Bank N.V.,

In the United Kingdom: ABN AMRO Bank N.V. London.

101, Moorgate

Holders of registered shares wishing to attend the meeting either in person or by proxy authorised in writing must inform the Managing Board of the company in writing of their intention to do so (P.O. Box 600, 1000 AP Amsterdam, the Netherlands). Such notice must have been received by the Managing Board not later than 29 April 1998. Persons other than shareholders and holders of depositary receipts who are entitled to attend the meeting must also notify the Managing Board of the company in writing of their intention to do so at the above-mentioned address. Such notice must have been received by the Managing Board not later than 29 April 1998.

The receipt in exchange for the deposited shares or depositary receipts will serve as the attendance card for the meeting. The holders of registered shares, who have informed the bank on time of their intention to attend the meeting, will receive an attendance card by post.

The report referred to in article 14 of the Trust Conditions of Stichting Administratiekantoor ABN AMRO Holding on the activities performed by the Trust Office during the year under review is included in the company's annual report.

The Managing Board

Amsterdam, 20 April 1998

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Sunkyong Industries Limited

NOTICE IS HEREBY GIVEN to the holders of the Burds that the Name of the Company was changed on the date of its April, 1998 to SK Chemicals Co., Led. by the resolutions adopted by the Shareholders' Meeting of the Company held on 17th March, 1993. Thereafter, all the Itabelities and rights to the holders of the Bonds have by the Name of SK Chemical. Co., Ltd. effective from 1st April, 1996. SK Chemicals Co., Ltd.

FORD MOTOR CREDIT COMPANY U.S.S 300,000,000 FLOATING RATE NOTES due April 10, 2001 n accordance with the provisions of the above mentioned Notes, notice is keeby given as follows:

Interest Period: January 12th, 1998 to April 14th. 1998 (92 days) nterest payment date: April 14th, 1998 Interest rate: 5.8375% per asusum

Coupon amount: US \$ 149,18 per note of US \$ 10,000 US \$1,491.81 per note of US \$ 100,000

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PROCESSES STATE OF THE STATE OF

EMERGING MARKETS LAST QUARTER'S WORLD BEATING PERFORMANCE WILL NOT BE REPEATED

Lazio kicks off roadshow for offering

Lazio, the Rome soccer club, will today kick off its roadshow to publicise its offering of shares to private and institutional investors.

The club, currently third in the premier Serie A eague, will be the first Italian team to offer shares on the stock market.

After receiving the go-ahead from Consob, the Italian stockmarket watchdog, the club owned by the Cirio tomato sauce and food ... group plans to offer 20m shares in the L4,500 to L6,500 a share price range.

offering would raise L130bn (\$73m) and give the club market capitalisation of between L200bn and L290bn.

The operation involves the issue of 10m new shares and the sale of 10m existing shares. An additional 2.5m shares will be offered in a so-called "green shoe" option in the event of heavy

Once the operation is completed, nearly 50 per cent of the club's shares will be in the market, although Sergio Cragnotti, chairman and controlling shareholder of

Cirio, will retain control. The club, whose president is Dino Zoff, the former italian goalkeeper, will take its roadshow to Milan, Rome, London and Edinburgh before pricing the shares at

the club, advised by the Rome IMI investment bank hopes to make its debut on the stock market on May 4.

By Ted Bardacke

TECOVET V.

to the dollar, magnifying the

surge of more than 200

points in the main Banakok

reached in February, the

market has slipped back. In

baht terms it is now up only

17 per cent on the year.

By Laura Tyson in Taipei

Eva Airways, Taiwan's

second largest international

carrier, suffered foreign

exchange losses last year

from Asia's currency turmol

but in contrast to other car-

The offer's short timetable reflects the club's anxiety to complete the move before it plays AC Milan in the Italian cup final on Wednesday April 29 and InterMilan in the final of the UEFA cup in

Paris on May 6. In its prospectus, Lazio warned of the risks of investing in a soccer club because stock market performance could clearly be influenced by its performance on the

It also stated that Mr Crag-At the highest end, the niotti was involved in various judicial cases concerning alleged fiscal irregularities and falsifying accounts.

The club reported to had made a meagre net profit of L251m on revenues of L77.35bn in the financial year ending June 1997. However, Lazio's debut on

the Milan bourse has already caused widespread interest and excitement in soccercrazy Italy and is expected to be followed by other listings of well-known chubs, including Bologna, InterMilan, Juventus of Turin and AC

Lazio intends to develop revenues from merchandising, sponsorships and television rights along the lines of UK clubs. It expects revemues to increase in its current financial year to between L125hn and L130hn.

stocks (those priced at less than their Bt10 par value per After providing some of the share, where small movehighest returns in the world ments can generate big

has been in the single-digit

last quarter - 53 per cent in gains). Small sales of big dollar terms - the Thai stock capitalisation stocks cause huge jerks in share prices. market has returned to normal: "As in normally bad." "Fund managers made

says one broker. their money for the year in The bounce came When January and February," says says one broker. investors recovered from Andrew Henderson, managtheir shock at the collapse of ing director of Clarion Secuthe Thai economy and recogrities in Bangkok. "There is nised that the new That government was putting the ket again until all these companies with no cash sort country on the long road to themselves out."

With the current account That process will take turning to surplus and the government being praised as the International Monetary resolved until several issues that dominate the market Fund's model student, the are resolved. baht recovered from its low For those making longerof Bt57 to the US dollar to its term bets in Thailand, it is current level of about Bt40

still extraordinarily difficult to find proxies that meet the needs of traditional investment schemes, says Dresdner Kleinwort Benson in a recent report.

The main issue is inte

A common assumption had been that once the baht Volume is pitiful and recently, most of the action rates could be gradually low-

to list on Taiwan's over-the-

counter stock exchange later

this year, reported net prof-

its rose 28 per cent in 1997 to

US\$23m on turnover of

Industry analysts warned,

however, that the profits fig-

ure was misleading because

the carrier sold several of its

own aircraft and leased them

back again in late 1997 to

US\$1.4bn, up 9.4 per cent.

Bangkok SET Index (rebised)

site has happened as Thai authorities struggle with the Bt1,100bn (\$27,9bn) mess left by the previous government's reckless lending to insolvent financial institu-

To finance that lending. the That central bank borrowed heavily from the stronger domestic banks and lent the proceeds to the struggling smaller banks and finance companies.

Although its new lending has tailed off, the central bank does not have the

This manoeuvre prevented

the company from having to

post a loss, which could have

delayed flotetion plans by

Eva also announced a

code-sharing pact with US

West, which should expand

Like other carriers in Asia.

Eva Airways avoids reporting loss

exchange losses.

one or two years.

its reach in the US.

money to pay back its domestic bank creditors and therefore must continue to borrow from them at interest

As a result, Thai banks will not lend to the corporate sector for less than 24 per cent, if at all. The government has pledged to restructure the central bank's balance sheet, but that is not likely to happen until the second half of the year.

Once that restructuring takes place, margins at commercial banks, which domi-

mitigate paper foreign Eva began to feel the effects growth, turned out to be a

of the region's financial cri-

sis in late 1997. But apart

local currency, Taiwan's

robust economy has suffered

little damage from the finan-

on Talwanese passengers.

once seen as a barrier to

cial crisis that has devas-

tated much of east Asia.

Business as usual for Thai market with Aoba Life deal free lending to the government disappears. In addition, under new central bank guidelines, hanks must make hefty new provisions for growing non-performing

AIG

linked

national insurance group.

has reportedly offered to

take over Aoba Life Insur-

Aoba was set up last year

to take over most of the

business of Nissan Mutual, a

medium-sized life company

that collapsed in April 1997.

The company was formed

with injections of capital

from other Japanese life

companies in a rescue opera-

tion arranged by the Life

Neither AIG in Tokyo nor

the association would com-

ment on the possible deal on

Friday, but observers said it

would be a logical step.

Insurery Association of

ance of Japan.

As a result, few brokers expect banks to report any profits in the next two or three years. Any big capital raising by banks - Bangkok Bank is expected to raise close to \$1bn in international equity markets following \$\$57m raised by Thai Farmers Bank in late-March will go straight into provi-

Even the bright light created by exporting compa-nies, which had become market darlings earlier in the year, is starting to fade. With the baht appreciating exporters that cut prices and margins to win market share and volume may be caught out if they have not hedged

their dollar expenses. Says one bank treasurer: "The baht may be at a level where it is too strong to really help the exporters and yet too weak to induce major

life-saver, as Eva's traffic

"Taiwanese international

carriers - except China Air-

lines – have not suffered as

much as the other regional

carriers, because their cus-

tomer base is mainly from

Taiwan," said analyst Josh

"It makes a lot of sense for large international insurers to look at what is going on in the Japanese market as hold in the world's life assur ance market," said David Threadgold, financial sector

analyst at ING Barings in The Javanese life sector is effectively insolvent, after years of paying higher returns on policies than investment returns could

iustify. Some members of the Life Insurers Association are thought to oppose the idea of a foreign company taking over Aoba, but no domestic group has shown an interest and companies in its corpo rate grouping, including Hitachi and Nissan Motors,

failed to come to the rescue

of Nissan Mutual at the time

the and of the week. ger volume was only slightly The shares will be on sale growing to L164bn in 2000 on April 27 and April 28 and and L209bn in 2002. Flat first quarter for

By David Owen in Paris

electronics, the Franco-Italian semiconductor manufacturer, has produced flat brighter days ahead.

\$90.2m, little changed from the \$90.5m generated in the period to March 29 1997.

Pasquale Pistorio, chairman and chief executive. said business conditions had been similar to those at the end of last year, with excess of Asia further affecting expected industry overcapahalf of 1998".

The present year should be

BIDDER/INVESTOR

Cher Chernel (US) Tech Data (US)

MUI (Malaysia)

Ameron Int'l (US)

Perkins Foods (France)

De La Rue (UK)

CROSS BORDER MEA DEALS

TARGET

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products, improved product \$114.9m. Earnings per share cles and price recovery once

SGS-Thomson offshoot

months to April 4 1996 were FFr20.30, or 4.4 per cent, in net income comparable to pared with a 0.4 per cent gain for the benchmark CAC 40 index.

The company had nothing to say on prospects for a new public offering of its shares. It disclosed last October capacity in the industry and that it was considering financial weakness in parts such a step, which was expected to include a pridemand. But he said he mary offering of newly issued shares and the placecity to come into balance ment of convertible debt, as some time in the second well as a secondary offering

of some 16m shares. Net sales climbed from one of "progressive financial \$940.5m to \$998.3m, while and operating improve-operating income edged ments...led by sales of new ahead from \$113.5m to

SECTOR

Control systems

Cash systems

Retalling

the previous years. Year-on-year revenue gains were achieved by all main product groups except memory products, which were hit by "continued industry-wide pricing pre sures". By application, the strongest performances came from the automotive

Research and development

VALUE

\$4.9bn

≨bn +

\$72m

\$10.7m

mix, manufacturing efficien- were unchanged at 65 cents. Mr Pistorio described the demand and capacity reach a first quarter of 1998 as a better squilibrium". period of solid financial per-The market reacted formance for the company in first-quarter profits while favourably to the announce- a difficult environment for reiterating its forecast of ment, with the company's the industry. The company shares ending the week at was particularly pleased to Net income for the three FFr481.30, an advance of have achieved first-quarter

and telecome sectors.

spending ross 17 per cent year-on-year to \$166.4m, equivalent to 16.6 per cent of net revenues. Capital spending registered a substantial increase, rising from \$181.9m in the first quarter of 1997 to

COMMENT Clear control Coments relations Lobbying MPs Global milestone 40% stake Focus disposal

Performance link

Hoschst disposal

Compagnie Générale des Eaux

Computer 2000 (Germany) Cmptr srvcs

Simulation Sciences (US)

Unit of Croda Int'l (UK)

La Magicien Vert (France) Food

Laura Ashley (UK)

Cellograf (Italy)

Distoil (Germany)

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Notice of Meeting

Holders of Compagnie Générale des Eaux March 1997/April 2003 Equity Linked zero compon bonds are invited to attend the General Meeting of Boodholders to be held at the Company's head office on Tuesday, May 5, 1998 at 3:30 p.m. The agenda of the meeting is as follows:

- D Report of the Board of Directors on the sale of the Compagnie Générale des Eaux business consisting of the management of a portfolio of media, publishing and communication securities and real estate holdings to Havas Media Communications (HMC), in exchange for HMC shares, HMC became a subsidiary of Compagnie Générale des Eanx following the absorption of Havas.
- D Approval of the sale.
- Powers to carry out formalities and to file the documents relating to the Meeting.

Formalities to be completed to entitle bondbolders to attend the meeting:

- Registered bondholders must be recorded in their name in the Company's register at least five days prior to the date of the Meeting.
- Holders of bearer bonds are required to transmit to the banks and credit institutions that participat in the bond issue, for receipt at least five days prior to the date of the Meeting, a certificate issued by their bank, broker or other intermediary, studing that the bonds have been placed in a blocked account preventing their sale prior to the date of the meeting.

Admission cards and forms of proxy are available on request to holders of registered bonds.

The text of the proposed resolutions and the Board of Directors' report are available for consultanion by

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NCR in

\$300m

Japan

by Paul Abrahami

cent of NCR Japan that it

stock exchange with net

cash. It is also among the 20

per cent of fully-listed com-

panies with a market capital-

isation less than 1.5 times

their break-up value, accord-

ing to brokers SBC Warburg.

a normal market about 40

per cent of Japanese compa-

nies would be vulnerable to

a takeover because they can

be acquired for less than five

years' cash flow," said Kevin

Hebner, strategist at SBC

Warburg. "There remain sig-

nificant barriers in terms of

cross-shareholdings and dis-

closure, but we expect a few

successful takeovers to

NCR. based in Dayton

Ohio, is offering Y607 per share for the 66m shares.

The price represents a pre-

mium of 25 per cent over the

April 16 share price, and a 30

per cent premium to the

average price over the past

three months. Nomura, the

Japanesa broker, is handling

the tender, which closes on

June 3. The shares peaked in

The US company is offer

ing \$306m, or about Y40bn,

for the outstanding shares

<u>In December last year, NCR</u>

Japan had net cash of

occur soon."

"At current values and in

does not already own.

break-up value.

deal

Two new indices for Hong Kong shares

Today sees the launch of two new stock market indices in Hong Kong, including a bumper Hang Seng 100 Index that brokers believe will eventually replace the existing index.

While HSI Services, which is responsible for Hong Kong's Hang Seng Index and other indices, has already improved the mix of the henchmark index, the new 100-strong barometer will provide a better reflection of the diversity of the market.

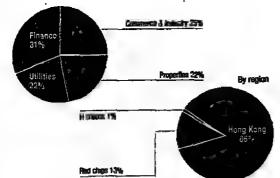
The move is a timely reminder that changes in Hong Kong's political and economic landscape have also had an impact on the stock market. The Hang Seng Index, with 33 stocks, is almost 30 years old and, according to Michel Dominice, analyst at Credit Lyonnais Securities Asia, was showing increasing signs of

Jardine Matheson, the British-controlled conglomerate that played a pivotal role in Britain's seizure of Hong Kong more than 150 years ago, no longer trades its shares in the territory. The departure of the fivestrong stable of Jardine companies prompted the first big shake-up of the Hang Seng Index in 1994 and 1995.

in July 1998, the first H-share company - main- porate empire. land, state-owned enterprises with Hone Kone listings appeared on the market. In August 1994, H-shares received their own index: today's launch will be the first time H-shares have been tracked within a general index.

However, the real inadequacies of the HSI were thrown up in August 1997, at frenzy. Red chips, or Chinabacked Hong Kong companies, were attracting hefty

The new Hang Seng 10

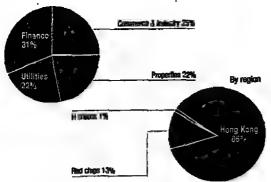


quarter of trading volumes. The hand-over frenzy was too great for HSI Services to ignore, and at the beginning of this year two of the biggest red chips, China Telecom and Shanghai Industrial, the window company for Shanghai's municipal government, were slotted into the Hang Seng Index.

However, the Hang Seng Index has continued to draw fire, investors resent the hefty weighting of single companies through cross-holdings: for example, Li Rashing's Hutchison Whampoa accounts for about 9 per cent of the index, but its exposure is higher through holdings by other parts of Mr Li's cor-

It also has a strong bias towards big capitalisation stocks: HSBC's weighting accounts for more than onequarter of the index, which can thus be swung on the bank's performance.

"The Hong Kong market is undergoing profound changes, and questions have emerged as to whether the HSI, as well as the selection criteria determining its position, adequately reflect these changes," said Mr Dominicé. "More specifically, the bias



index covered less than a over-representation of the banking and property sectors, the too-small coverage of the markets volume and the under-representation of the Chinese issues are the most common areas presented as potential weaknesses of the HSI."

With the launch of its Mid-Cap 50, which has been restructured to prevent overlap with the HSI 100, HSI the fastest growing and most diverse parts of the Hong Kong stock market

The moves come at a time when Hong Kong's investor profile is also due for a shake-up. Retall buyers have typically accounted for up to half stock market activity and performance is heavily driven by sentiment.

Now there are new players: local institutional investors that will be brought in by the pending Mandatory Provident Fund, creating pools of retirement funds.

"The new MPF law will probably require 30 per cent of the funds being invested in Hong Kong dollar assets, creating a large demand for Hong Kong equity benchmarks. We expect domestic investors, like international investors, will prefer the HSI toward large companies, the 100." Mr Dominica said.

Y29,56bn (\$225m), NCR said that if the tender was completed there would be no restrictions on how NCR Japan's cash could be used. Last year, NCR Japan posted net profits of Y4.1bm on sales of Y111.14bp. The deal values the whole company at about Y133bn, or 1.2

earnings,

1986 at Y2.620.

NCR said no purchase would be made if less than 15 per cent of the outstanding stock was not tendered. Other leading shareholders in NCR Japan include Mitsui Trust and Mitsubishi Trust. in a separate move, the US group announced it was launching a \$200m repur-

chasing programme of its

FT GUIDE TO WORLD CURRENCIES

DERIVATIVES MARKET TO DECIDE BETWEEN EURO LIBOR AND EURIBOR

Benchmark battle hots up

By Samer Iskandar and Edward Luce

The establishment of a widely recognised benchshort-term interest rates is becoming a pressing issue in NCR. the US data warehousing and computer announcement of the founding members of European group, yesterday announced plans to acquire the 30 per economic and monetary

Two rival groups, the British Bankers Association on The deal, worth more than the one hand, and the Euro-\$300m, could herald a wave pean Banking Federation of mergers and acquisitions among Japan's second-tier and the Association Camcompanies, many of which biste Internationale (repreare trading near or below senting the foreign exchange business) on the other, are fighting to impose their ref-NCR Japan is one of 136 non-financial companies on the first section of the Tokyo erence rates - Euro Libor

and Euribor, respectively. So far, only the London International Financial Futures and Options Exchange and its French rival Matif have chosen their benchmarks. The first will adopt Euro Libor and the

second Euribor. Richard Pratt, director of external affairs, says Liffe's decision reflects the wishes of market participants.

"Libor is at present the reference rate of banks all over the world." he says. "Even Chicago uses Libor as its surodollar reference." It is too early still to pre-

dict which of the two rates will dominate, but analysts believe the market will ultimately have to choose. "We may well see split

allegiances for some time, but the market is bound to converge on one benchmark eventually," says Paul Danel, head of fixed income for Europe at Morgan Stanley Dean Witter. The main differences

between the two rates stem from the choice of participating banks. The Eurlbor index will be an average of banks from every EU coun-10-year benchmark bond yield try (and a handful of over-

seas banks). The Euro Libor rate will be compiled and published mark for European by the British Bankers Association in the same manner as Libor rates on existing the run-up to next month's currencies. The Libor rates are averages of between eight and 16 lending rates, representing only the most creditworthy banks.

Analysts believe that because the Euribor panel will contain some banks with low credit ratings, the reference rate could incorpo-rate a risk premium, which would set it higher than the Euro Libor benchmark

"Credit will be one of the main elements that will drive the spread between Euribor and Euro Libor," says Paola Lamedica, a global bond strategist at Paribas.

Ms Lamedica also points out that liquidity considerations could add another hidden – premium to Eurlbor, in the form of wider spreads between bid and offered prices

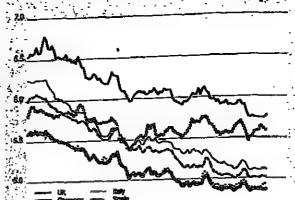
"London-based banks are clearly in favour of Libor," says one analyst. "But in continental Europe, there is a very strong political will to make Euribor succeed. The outcome of the battle will depend on whether market out that Libor will continue forces or political pressure

prevails."

London are relaxed about the possibility of a switch to the continental reference rate. "On the face of it. there's barely any difference between the two," says one senior investment banker in London. "What it really boils down to is political prestige. The technical differences are

However, some bankers in

Not surprisingly, the Bank



adopt Euribor, while the Bundesbank is believed to have applied some pressure on German banks, although more discreetly. In contrast, authorities in the UK believe the case for Euro Libor

speaks for itself. The onus is on the proponents of Euribor to say why the market should abandon a system that already works very well, says one banker. "Nobody has ever suggested Libor

was fixed or inaccurate." London bankers also point to be the reference rate for all euro-dollar swaps.

Although there is no logi cal reason why the markets system for the European single currency, the prominence of dollar Libor will act as an advertisement for Euro Libor

In addition, the International Swaps and Derivatives Association has recommended that market players retain Libor for contracts of France has put explicit that expire after January

from recommending one or other reference rate for new 0000toucts

"It would be an enormous effort for banks to renegotiate existing contracts into Euribor," says one banker, Which reference people choose for new contracts is a different matter."

The Deutsche Terminbörse, Europe's second largest exchange after Liffe, has yet to choose its benchmark and its decision could tilt the balance. On the one hand, the

DTR's existing three-month euromark contracts are based on Libor, which makes euro Libor seem the most convenient choice. On the other hand, DTB's alliance with Matif makes it tempting to adopt Euribor in order to create a critical mass by pooling French and German users after the merger of the two countries' currencies.

immune to political pressure should the Bundesbank become more vocal in its

Brazilian tribunal rules Metropolitana sale valid

By Geotf Dyer in São Paulo

Brazil's Superior Tribunal of Justice (STJ) has ruled that the sale last week of Metropolitana, the largest electricity distribution company in Latin America, was valid. despite an attempt by a senior judge to have the auc-

Antònio de Padua Ribeiro, president of the STJ, one of the country's highest courts. overruled two injunctions issued by the São Paulo state Tribunal of Justice which suspended the auction and declared it invalid.

Metropolitana was bought by Light, the Rio de Janeiro electricity company, for the

only bidder to take part in the auction. Light is owned by AES and Houston Energy of the US, Electricite de France and CSN, the Brazilian steel company.

The decision came as a relief to the São Paulo state government, which is reeling from the failure to find a buyer for Bandeirantes, the other electricity company that was put up for sale at the same time.

The government has yet to decide what it will do with Bandeirantes or EPTE, the small transmission business that also failed to attract any buyers. The three companies are subsidiaries of Eletropaulo, the statecontrolled energy group.

result of the auction showed the government was trying to sell too many energy companies simultaneously.

"There is indigestion among the buyers. They do not have enough people to look at all these deals," said one banker involved in the Eletropaulo sale.

Brazil plans to sell the bulk of its electricity distribution and generation businesses over the next two years in a series of privatisations which had been expected to raise US\$45bn.

Despite the STJ ruling, the privatisation is not free of legal obstacles. The court has still to judge on the merit of the legal action by a trade union which gave rise to the initial injunction.

Credit Mutuel to refloat 15% of CIC

Credit Mutual, the French bank, plans to release back on to the stock market over the next three years 15 per cant of CIC, the state-owned acquired two-thirds control.

Etienne Pfimlin, chairman of Credit Mutual, also confirmed that minority stakes in a number of the II regional banks around France in the CIC could also be sold to clients, autoloyees or other partners in the coming years,

His comments came after the French government announced last week that

Credit Mutuel had won the privatisation procedure be maintained as a separate against the other finalists - banking network operating ABN Amro of the Netherlands and Société Générale of France - in a bid worth CIC to add a further 250 FFri3.4hn (\$2.2bn) for 67 per branches to its existing 1,380 int of the capital

Philippe Pontet, chairman of CIC, decided one of the alternative bidders for his bank would have been better placed with their own international networks to support CIC's expansion outside France, He said Credit Mutuel provided "a very good" support for growth, adding that the bank's international ambitions "should

not be exaggerated".

Mr Pfimlin said CIC would alongside Credit Mutuel's 3.500 branches. He wanted m the cor ing live years, as a way to achieve an objective for the combined group of a 10 per cent market share

in every region of France. He also announced an acceleration in insurance sales activities, with the intention to dedicate 2,000 of CIC's staff exclusively to bancassurance and an objective of a rise in employment at the bank over five years from 20,661 to 21,000 staff.

Credit Mutual pledged in its tender for CIC to maintain the existing bancassurance contracts with GAN, the state-owned insurer now heing privatised that owns the remaining third of CiC. for 10 years for both its and non-life activities. Mr Pfimlin replied to

fierce criticism by France's commercial banks of the mutualist sector following the CIC deal, while saying be was in favour of a "global" discussion by the government over modifications of the range of tax-free financial products offered by different financial institutions

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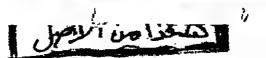
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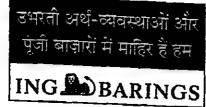
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MARKETS WEEK

At Home in Emerging and Capital Markets ING BARINGS

April 20 - April 26

By Tracy Corrigan With little in the way of economic news this week to halt the steady climb of bond and stock prices, analysts said the markets are likely to be driven by customer flows and to remain range-bound, with little expectation of any shift in monetary policy in the

reports on employment costs and gross domestic product due at the end of April. In the meantime, the markets will be focusing on Tuesday's Treasury budget statement. The budget is expected to show a deficit of \$15bn, compared with last year's \$42bn, according to

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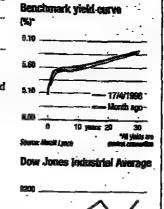
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second quarter. However,

the next slew of economic

data is not far away, with

Standard & Poor's MMS. The bond market is also expected to benefit as the Treasury pays down debt, perhaps reducing the size of its five-year note offering to this end. On April 29, the market will be told of Treasury funding plans for May, which are expected to



consist of an estimated \$13bn of three-year notes and \$12bn of 10-year notes, but no 30-year issue, according to Donaldson,

Lufkin & Jenrette. Meanwhile the stock market is still digesting first-quarter earnings, which have so far broadly lived up to expectations.

LONDON By Steve Thompson

This week will provide the stock market with plenty of evidence as to whether another increase in UK interest rates is needed. It was growing concerns

that a rate rise could be on the cards next month that hit the stock market very hard last week, with the FTSE 100 losing ground for the four consecutive trading sessions and six out of the oast seven trading days. Those worries came in the

wake of the minutes of the

March meeting of the

monetary policy committee. which revealed that the 44 split remained between the committee's doves and hawks. In a long list of economic news items, economists will be paying particular attention to the March inflation figures due on Tuesday, which are expected

to show the headline figure

the month to a year-on-year

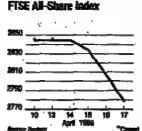
inflation is forecast to have

up around 0.3 per cent on

figure of 3.5 per cent. Core

Benchmark yield curve ---- 17/4/1998 · 6.70

FTSE All-Share index



risen 2.6 per cent over the past twelve months. Of equal importance will be the underlying average earnings figure for February. due on Wednesday and forecast to show a 4.5 per cent rise over the past year and M4 money supply data for March, expected to show an increase of 0.7 per cent.

FRANKFURT By Andrew Fisher

With German corporate news again likely to be thin on the ground this week, the market will be watching closely when SAP, the business software company, gives more details of its runaway first quarter performance tomorrow. It titillated investors last week by announcing that sales rose more than 60 per cent. although this year had been

expected to produce more moderate growth. Analysts expect SAP to try to dampen estimates for the rest of the year - and thus keep the shares in check in view of the planned US share listing in August and the fact that the base share price for the company's employee incentive scheme

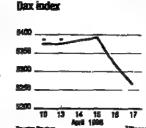
will be set in May. Also due are half-year figures from Stemens on Wednesday. Despite problems in Asia, J. P. Morgan expects the electronic group's net income before extraordinaries to rise 15 per cent

Benchmark yield curve

17/4/1998

Month ago.

10 was 20



as a result of growth Siemens had underperformed the Dax blue chip index by 13 per cent this

The Dax had a mixed week, edging briefly over 5.400 points before back-pedalling to close on Friday at just over 5,300.

TOKYD Benchmark yield curve By Bethan Hutton

Tokyo stocks could be

the market awaits more

Last month Ryutaro

minister, announced a

when he pledged the

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Hashimoto, Japan's prime

Y16,000bn stimulus package

month he surprised again

Y10,000bn of new spending and Y4,000bn of additional,

temporary income tax cuts,

money will be speut. Fears

have been growing that the

particularly since last week's

G7 meeting in Washington

appeal for action as some

This helped push the

week, with a particularly

marked fall on Friday. It

market down steadily last

traders had expected.

did not produce as strong an

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may turn out to be less

impressive than hoped,

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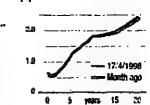
However, this week he is

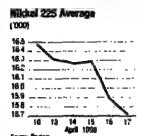
the biggest ever. And this

economic policies.

heading for a tense week as

details of the government's





closed at Y15,703.8, some 5 per cent down on the week Some traders hope that new buying by public pension funds will offset any economic concerns: recently government institutions have distributed new funds to asset managers which are likely to be invested in

Japanese equities,

LONDON RECENT ISSUES: EQUITIES | 100 | Con. | High Love Showle Careties C | 100 | F.P. | 20.7 | 100 | 100 | Abstract Careties C | 100 | F.P. | 20.7 | 140 | 140 | 100 | Abstract 2 V/2 | 140 | 140 | 100 | Abstract 2 V/2 | 140 | 140 | 100 | Abstract 2 V/2 | 140 | 140 | 100 | Abstract 2 V/2 | 170 | Abstract न छ छ गाएं 124 - 13 -

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Philips and ABB Asea report on first quarter In continental Europe.

Philips Electronics and ABB Asea Brown Boveri report their first-quarter results, while figures from Tesco and Imperial Chemical Industries dominate an otherwise quiet week in the UK.

TUESDAY

 Tesco, the UK's leading supermarket group, is expected to announce pre-tax profits strongly up on last year. The consensus forecast for the year to February 1998 is 2826m (\$1.38bn), against 2750m last vear.

At the interim stage in September, the company warned that the strong 8 par cent like-for-like rises it was then experiencing were unlikely to continue.

However, in the vital Christmas trading period over the five weeks to January 3, Tesco experience comparable growth of 6.5 per ent, more than twice the 3.2 per cent reported by J Sainsbury. Tesco's nearest rival. The City will also be anxious to examine Tesco's performance in central Europe,

where performance has been

somewhat patchy. WEDNESDAY

 Philips Blectronics, the Dutch electronics group, is expected to report first-quarter net profits of between Fl 421m and Fl 530m (\$259m), against Fl 460m last time.

The quarterly results will also include an extraordinary gain of about Fl 900m from the sale of Philips Car ystems to Mannesmann of Sermany at the beginning of the year for Fl 1.4bn. Operating results from the

professional products and ystems division is expected to show a year-on-year increase. In the first-quarter of 1997, the operating loss was FI 54m but the full-year figure reached a F1504m

The software and services division will report a lower operating profit, mainly on the back of problems at Poly-

į,

Gram, which has experiabout £85m-£85m for the first

enced lower music sales and

auerter.

profit margins. Despite recent profit warnings from some semiconductor manufacturers, analysts expect that Philips' chips business to show continued strong performance. AFX-News. Amsterdam

• Bank of Scotland has achieved income growth. thanks to gains in market share in segments such as mortgages and credit cards.

Sainsbury's Bank, a 55:45 joint venture with the supermarket group, has been growing faster than expected. In the short term, this will mean higher start-up

BankWest in Australia is still under pressure. Some analysts remain concerned lest rapid asset growth brings credit quality problems in its wake, but the bank has so far managed to

preserve asset quality. Profits are expected to rise to £827.7m from last year's £734.7m. according to a consensus of estimates provided by First Call.

THURSDAY

 Imperial Chemical Industries of the UK is expected to

announce pre-tax profits of



account the difficulties

closely for signs of how well AFX-News, Zurich the speciality chemicals and coatings business are per- Akzo Nobel, the Dutch forming nine months after chemicals group, is expected ICI began its transformation by buying Unilever's speciality chemicals busines

investors will also be F1340m. looking for news on the remaining industrial chemicals businesses due for sale. Huntsman of the US is understood to have offered to buy the Wilton ethylens

cracker and related busi-It is waiting for ICI's response, but any sale must also be approved by British Petroleum which owns 20 per cent of the cracker. ABB Asea Brown Boveri,

the Swiss-Swedish engineering group, is expected to report first-quarter net profit in the range of \$195m to \$271m, compared with \$236m a year earlier, according to analysts.

First-quarter sales are forecast at \$7.1bn-\$8.85bn, up from \$7.02bn a year ago, while orders are projected to be in a range of \$8.95bn-\$9.83bn, compared with

\$10.08bn. ABB said that first-quarter orders and the order backlog will be restated to take into

encountered at the Bakun Analysts will be looking project in Malaysia.

> to report first-quarter net profit of between Fl 380m and FI 403m (\$197m), up from The results will be flat-

tered by the stronger dollar and sterling exchange rates, and by maintenance interruptions last year which had impaired basic chemicals' Other favourable compara-

tive effects will be seen in the pharmaceuticals division, which last year were marked by start-up costs for the antidepressant Remeron and pressure on oral contraceptive sales, after warnings from health officials in sev-

eral countries. However, last year's disposal of the US salt business will have a negative impact on sales. Akzo Nobel is close to finalising its fibres joint venture with Sabanci of Turkey, and may make an announcement with the first-quarter results.

In addition, Akzo recently said that ongoing negotiations with Courtaulds of the UK could lead to a bid of 450p a share. AFX-News, Amsterdam

The ARM group's principal business is the design and licensing of RISC (reduced instruction set computing) microprocessors, related technology and software and the sale of development systems.

This notice is issued in compliance with the requirements of the London Stock Exchange Limited.

Application has been made to the London Stock Exchange Limited for the whole of the ordinary

share capital of ARM Holdings pic, issued and to be issued in connection with the Offering, to be

admitted to the Official List. Dealings on a conditional basis commenced on 17 April 1998. It is

expected that admission of the Ordinary Shares to the Official List will become effective and that

unconditional dealings will commence on 24 April 1998. Morgan Stanley & Co. International

Offering of 11,730,000 Ordinary Shares of 1p each

at a price of 575p per share

and admission to listing on the London Stock Exchange

'Share capital following the Offering

Ordinary Shares of 1p each

(assuming no exercise of the over-

allotment option described in

the Listing Particulars)

ARM Holdings plc

(incorporated in England and Wates under the Companies Act 1985 with registered No. 2548782)

it does not constitute an invitation or offer to any person to subscribe for or purchase securities.

Copies of the Listing Particulars relating to ARM Holdings plc may be obtained (for collection only) during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 22 April 1998 from Company Announcements Office of London Stock Exchange Limited, Old Broad Street, London EC2N 1HP and up to and including 8 May 1998 from:

ARM Holdings pic 90 Fulbourn Road Cambridge CB1 4JN

Authorised

790,000

Number

79,000,000

Morgan Stanley & Co. International Limited 25 Cabot Square Canary Wharf London E14 4QA

20 April 1998

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DIVIDEND & INTEREST PAYMENTS

IN TODAY Aberdeen Preferred Income Tst. Ascia Grp. 10%% Bds. 2010 £1,087.5 Simingham Midshires Bidg. Soc. Sub. FRN. 2005 22,051,01 BP Dev. Australia 111/4% Gtd. Bds. 2001 £112.50 Budgens 5% Canv. Unsec. Ln. 2003 22.50 Chuba Electric Power Co. 5.75% Nts. 2001 \$287.50 Dalcel Chemical Inds. 5.6% Sds.

200 Y560,000 Europeen Invst. Bk. 9≥ Nts. 2015 IR4.5p Formscan 1.5p Henkyu Dept. Stores 3% Nts.

1999 Y300,000 Imperial Chemical Inds. 19.5p kilngton Corp. 11.9% Rd. 2017 £5.95 Linx Printing Tech. 1.6p Lloyds TSB Grp. Sub. FRN. 2006 London Town 1.2p Loxley Public Co. 3,5% Conv. Bds. 2005 \$35 M & G Income Invest, Tet. 2.60 M & G Income Invest. 182. 2-5p Do. Geared. 2-6p Do. Package 1p Mitsubishi Electric Corp. 3-2% Bds. 2000 Y320,000

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Primary Health Props. 2.50 PSD Gro. 6p Regent Inns 1.30 Rio Tinto 21.55p Yokohama Fin. Cayman GTD. Sub, FRN, 2005 Y419,454

MI TOMORROW ABB Series B SKr2.10 Bradford & Bingley Bldg. Soc. FRN. 1999 £188.14 British Gov't. 41/4% Index. 2004 \$2,5589 Framilington income & Capital Tst.

G.R. Hidgs. 15p Hallfax 10\$% Sub. Bds. 1998 Lloyds Bank 10U% Sub. 2008 Prospect 3 Nts. 2006 £1,899.01 Do. Class B 2006 £1,954.49 Rio Tinto A.D.R. \$1,419

III WEDNESDAY APRIL 22 American Home Products Hidge. 9.61% Bds. 2007 £240.25 Beradin Hidgs, 1,38p Do. 0.82p Canary Wharf Fin. Class C 5% Mort, 2027 E61.64 Do. Class D FRN, 2020 £107.42 Central Hispano Eurocapital FRN. \$0.94 Chase Manhattan Corp. Sub. FRN, 2003 \$292.67

E PRIDAY APPLL 24 Alliance Tst. 40.50 Mauritius Fund \$0.10 Do. 4% Cm. Pl. £1.40 Minerva 0.8p Morgan J.P. \$0.95 Do. 414% Cm. £1,4875 Do. 5% Cm. Pf. £1.75 Pedang Senang Hidgs. 1.5p

Asda Grp. 8.375% Nts. 2007 C81.75 Baronsmead 1.6250 Platinum Intl. Fin. Tranche B FRN. Bestfoods \$0.45 Sanwa Australia Fin. FRN. 2003

2003 Y4,850,000

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Commonwealth Bank of Australia Gtd. Lindtd. Cap. Nts. \$301.75

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Foreign & Colonial Enterprise Tat, 3.9p

Golden Castle Euro-Finance FRN.

Latin American Extra Yield Fund

Mersey Docks & Herbour Co. 10p

Partridge Fine Arts 3.45p Tokyo Tatemono Co. 7.25% Bds.

London Forfaiting Co. 6.3p

2001 Y725,000 YTB Rn. Sala. FRN 2003

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Go-Ahead Grp. 3p

Hapgas (John) 1.5p

Brent Intl. 2.4p Britt Allcraft Co. 0.7p Broadcastle 1.1p Concurrent Tech. 0.1p Waterman Partnership Hidgs. 1p Yokohama Fia. Cayman Gtd. Sub. FRN. 2003 \$3,062.50 Diagso 12.5p Progmore Estates 4.5p Games Workshop Grp. 3.3p THURSDAY APRIL 28 Grafton Grp. IR14p Hallenic Telecommunications Organications Affled Irish Benks IR10.9 B.B.L. Intl. Gtd. FRN. 1999 50.175 Ideal Hardware 5.75p Brewin Dolphin Hidgs. 6.5p Kwik-Fit Hidgs. 4.15p

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FRNL 2003 \$3,575 E SATURDAY APRIL 25 British Gov't 91/4% Conv. £4.75 er (Otty of) 11,5% Rd. 2007 £5.75

Yokohama Finance Cayman Gtd.

St., BC, 12.15 Jupiter Intl. Green Inv. Tirt, Knightsbridge House, 197 Knightsbridge, SW, 10.30 Kwilk-Fit, Iranmongers Hall M SUNDAY APPIL 28 Abbey National Treasury Services 614% gtd, Nis. 1999 ECU62.50

UK COMPANIES

TODAY COMPANY MEETINGS: Brewin Dolobin, Merchani Taylors Hall, 30 Threadneedle St. FC. 12.00 Edinburgh UK Tracker Tst, Tower Thistic Hit, St. Katharine's Way, E, 12.00 The intercare Grp, Forte The marcare Grp, Forte Posthouse Hotel, Cifton Village, Brighouse, West Yorkshins, 11.00 Wyndham Motor Grp, The Copthorne Hotel, Culverhouse

BOARD MEETINGS: Boot (Henry) & Sons PPL Thermounties

M TOMORROW

Cross, Carolif, 12.30

COMPANY MEETINGS: Access Plus, SS Gt. Britain, Gt. Western Dock, Gas Ferry Rd, Bristol, 11.30 Beradin, 3 Clenricarde Gdns. Beradin, 3 Clarificade Gdns, Tunbridge Wells, Kert, 10.30 Capital Shopping Centres, 40 Broadway SW, 11.00 Dunedin Income Growth Inv Tet, Discovery Point, Dundee, 12.00 Flaming Fledgeling Inv Tst, 25 Copital Ave, EC, 12.00 Foreign & Colonial Enterprise Tet, Exchange House Deliver Tat, Exchange House, Primose St, EC, 12.15

Law Debenture, Drapers
Hall, Tirogmorton Ave, EC, 10.30
Lilleshell, Chequers Hotel, Oxford
St., Newbury, Berkshire, 11.30
NatWest Grp., The Gibson Hall,
15 Bishopagate, EC, 11.00
Pedang Senang, 3 Clamicarde
Gdns, Tunbridge Wells, 11.30
Reuters Grp., Stationers' Hall,
Ave Marin Lane, EC, 11.30 Ave Maria Lane, EC, 11.30 Smith & Nephew Queen Elizabeth 11 Conference Centre, Broad Sanctuary, SW, 11.00 BOARD MEETINGS:

Finals: Finley (James) Havelock Europa Jerome (S.) & Sons Morgan Grenfell Lat Amer United Energy knterims: Dickie (J) Ferraris Intl. Blob

WEDNESDAY APREL SE COMPANY MEETINGS: Anglo & Overseas Tst, 23, Qt. Winchester St, EC, 11.30 Dawson Intl., Sheraton Hotel, Edinburgh, 12.00 English Chine Clays, Great Hall, 20, Aldermanbury, EG, 2-30 London Forfatting, International House, 1, St Katharine's Way, E1.

Lowe (R), College Hill Assocs, 4th Floor, 29, Gresham St, EC, 12.00 Partridge Fine Arts, 144-146, New Bond Street, W1, 9.00 SkyePharma Institute of

Place, EC 10.30 Spirax-Serco, Cheltenham/ Gloucester Most House, Shurdington Rd, Brockworth, Gloucestershire, 3.00

BOARD MEETINGS: Avis Europe Bentalls Bank of Scotland Soottish Mortgage & Tst Interime: D.F.S. Furniture

II THURSDAY APRIL 23 COMPANY MEETINGS: BG, Hall 1, Inti Con Centre, Elimingham, 10.00 gpp, BPP House, Aldine Place, 142-144, Usbridge Rd, W1, 9.30 Comentone, 4, Carpenter St, EC, Friends Provident Ethical, 15, Old Balley, EC, 12.00 Inchcape, Mandarin Oriental Hyde Park Hotel, 68, Krightsoridge, SW, 11.00 Jermyn trv Prope, 1, Bow Churchyard, Cheepside, EC,

10.90 Lambert Howarth, Coopers & Lybrand, Abacus Court, 6, Minshull St, Manchester, 12.00 Low & Boner, Boner House, Faraday St, Dundee, 12.00 Medeva, 66, Portland Place, W1,

11.00 RPS, Temple Court, 35, Bull Street, Birmingham, 10.00 Sherwood International, 120, Old Broad Street, EC, 11.30 Travis Perkins Lord's Banqueting rence Centre, St Johns Wood Rd. NW, 12.00

Conferences

Trocadero, College Hill. 4th Floor, 29, Gresham Street, SC, 12.00 Waste Recycling, Rowe & Maw, 20, Slack Friers Lane, EC, 11.00 Wilson Bowden, Grand Hotel, Complete Sheet Laborator, 19.00 Granty Street, Leicaster, 12.00 Wyerale Gardens Centres, Green Dragon Hotel, Broad Street, Hereford, 10.30

BOARD MEETINGS: Alpha Airports Ashley (Laura) Folkes Grp Huntleigh Technology # FRIDAY APRIL 24

COMPANY MEETINGS: Braime (TF & JH), Hunslet Rd, Leeds, 10.45 Calderburn, Addleshaw Booth & Co, 8th Floor, 100 Sarbirolli Sq. Manchester 12.30 Furlong Homes, Wellington House, Trust Road, Wattham Cross, 10.30 Fenchurch Exchange, 8, Fenchurch Piece, EC, 12.30

Jeyes, Chartered Accountants Hall, Moorgate Place, EC, 12.00 Ultra Electronics, 417, Bridport Rd, Greenford, Middlesex, 10.00 BOARD MEETINGS:

Company meetings are annual general meetings unless stated, Reports and accounts are not evallable until six weeks after the board meeting to approve the This list is not comprehensive since companies are not obliged to notify the Stock Exchange of

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For further informat Ms Monika Davies The Economist Cor Tel: (43.1) 712 41 61 15 Parc (43.1) 714 67 69 or (43.1) 712 41 65

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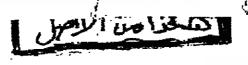
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BUSINESS EDUCATION

Asian student numbers are down but schools in Europe and the US are buoyant, says Della Bradshaw

A panic rather than a crisis

arlier this year, two
Korean students on applications for full-time gramme providers will pull the MBA programme programmes in the UK from at Manchester Business Hong Kong students, accordat Manchester Business School, in the UK, packed ing to Peter Barrar, director their bags and went home. It of the post-graduate centre was not just a question of at Manchester Business money, although their com- School. "Hong Kong has panies had withdrawn finan- stood up remarkably well as cial support. But the insta- has China. China has not bility of their home been affected." economy, driven by the Asian currency crists, sent

the administrators at business schools earlier this

Though many put a brave face on it, there were fears that the number of companysponsored, south-east Asian students sent to study abroad would plummet, and with it business school revenues. And for those business schools which offer programmes in Hong Kong or Singapore, there were concerns that the soaring costs of the courses would be prohibitive for many students.

Four months later, a calmer and more positive picture has emerged, in the intervention. more prominent business schools at least. Many business faculties concede that they feared the worst only to discover that their concerns

were largely unfounded. ley Management College, in programmes in Malaysia. Henley has shelved plans to mate all but the top-notch

Some specialist courses, such as the one-year masters them scurrying to protect in finance courses offered their careers. at London Business School and the management school atic of the panic which at Imperial College in Lonswept both the students and don, have seen an unexpected increase in applica-

At LBS, applications from finance programme have risen by 63 per cent overall over the past year, and in Hong Kong the increase in applications has been 166 per cent. At Imperial College, applications for its masters in finance degree, albeit a very new programme, have increased tenfold.

Concern over the shakeout in business schools in southeast Asia is now shifting from worries about currency to worries about government

To promote home-grown introduced legislation which Ian Turner, director of the carried out overseas. This ment consultancies. open distance learning MBA has led to a rush by some and diploma courses at Hen-non-Asian schools to set up

move into Korea. But the overseas schools. The ble programmes.

was a hiccough in an otherwise buoyant year for busithose in the US.

There, the burgeoning interest from managemen growing at between 20 and 30 per cent a year - pushed up the demand for MBA graduates and many were offered salaries and golden hellos which previously they could only have dreamed

All the big schools ries. At the Wharton school at the University of Pennsylvania, for example, gradu-\$130,000 (£78,000), including a base salary of \$75,000. The most common employers were consultancies.

The ever-growing demand that many schools not traditionally favoured by consultancies are now being drawn into the net, IMD in Switzerland and Cranfield in the programmes the Malaysia UK, for example, both have government has recently strong reputations for producing managers for industry. Both establishments are management training, if it is being targeted by manage-As there is a growing

demand from recruiters for graduates of the classic MBA the UK, says there has been. In Hong Kong, the governsome impact on the take-up ment is introducing a rigorfull-time programme - so
of courses in Malaysia; and ous licensing system to elimthere is a growing demand the one or two-year from students for more flexi-

in the US, about half the

year to study for an MBA in

more flexible options. The

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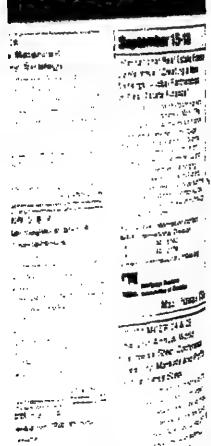
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'Learning through doing' dominates

But business schools offer an environment for risk-free

experimentation

1 development has been one of the big growth areas for management schools during search and selection busithe past decade but there appears to be growing scepticism about the more traditional approaches to the subject not only within business but in the schools them-

Part of the problem has been in arriving at a consensus of what is meant by leadership, whether it should be distinguished as something separate from managemen whether it comprises definable traits and whether it has changed over the years.

Many of the current theories have a family tree rooted in post-war studies that initially concentrated on military leadership skills. This military link was promoted by people like Field Marshall Sir William Slim who shortly after the end of the war gave a lecture to managers in the UK on "management through leadership", arguing that the principles of military leadership could be used in busi-

Hitherto the notion that leaders were born not made had tended to prevail in society but Sir William's observations suggested that there could be transferable leadership skills. The idea was developed by people such as John Adair, the UK's first professor of leadership who incorporated them into his Action Centre Learning model, initially adopted at Sandhurst, the British Army's officer training col-

Mr Adair was among a number of academics. including Warren Bennis and John Kotter in the US, who distinguished between leadership and management. Management, he argued, involved administration and control, features not necessarily present in leadership.

business leadership as the people beyond their previous need to provide a guiding experience." These findings need to provide a guiding vision. He also identified the need for leaders to demonstrate passion, integrity, curiosity and daring.

Business leadership instilled into people or are they innate? Ruth Tait, head of PA Consulting Group's ness, who interviewed a series of business leaders for her 1995 book Roads To The Top, found difficulty drawing together a set of common attributes although she found that many of the executives had some childhood experience of adversity that

gave them their drive, "What distinguished most of them, however, was cross functional experience and responsibility early in their careers," she says. She found that while management education was regarded as helpful it was stressed far less than the learning they achieved from experience.

Her observations about early responsibility are confirmed by David Norburn. director of Imperial College Management School, London, who carried out a detailed study of directors of large companies in the UK and the US, looking for the factors that distinguish the more successful of them from the less successful.

"I can tell you it has nothing to do with potty training, child sibling positioning or types of education. Statistically two features come shouting through - the experiences that they get in their formative years between the ages of 25 and 35 and international exposure." says Prof Norburn.

The most crucial formstive influences on business leaders, he found, were intercompany moves exposing young managers to early responsibilities. "If you get sent off to Borneo to be in charge of some petrol pumps you have to understand pricing, delivery systems, logistics, cash flow and working in a different setting. In effect you are a mini-managing director," he says. "But a learning through doing company must have an Warren Bennis defined the underplaning of acceptance dancy.

COMPANY-SPONSORED MBAs • by Della Bradshaw

Stepping into clients' shoes

Single company programmes are keeping staff happy and defections down

raise questions about the

effectiveness of the class-

room approach to leadership

development. Prof Norburn

is an advocate of managers

with senior executive poten-

tial taking on non-executive

"A lot of the business

schools are teaching history.

I would like to see more

emphasis on simulations and

projects where people can be

stretched." One area, he says, where business schools

can help is providing an

"Companies need to

environment for risk-free

encourage the maverick in

people so that they are work-

ing one deviation away from

their area of comfort. If this

happens in school and it

goes wrong there it will not

burt the company finan-

Andrew Kakabadse, pro-

fessor of International Man-

agement Development at

Cranfield School of Manage-

ment, agrees that leadership

development needs to go

beyond the classroom. "The

most likely and unlikely

people can reach senior posi-

tions. There are no common

traits in terms of personality

but there are abilities that

ing in the organisational

context can be particularly

holson, a professor at Lon-

don Business School. "What

makes a good leader does

depend very much on what

kind of organisation you are

in and the role you play in

that organisation. Charle-

matic leaders, for example,

come into their own when

people are in a state of crisis

but they can overstay their

welcome when calm is

restored and a different kind

It should be noted that the

nature versus nurture

debate is still simmering

beneath the varying

approaches to leadership

development. Meanwhile,

appears to be in the ascen-

of leader is required."

This emphasis on context is also stressed by Nigel Nic-

effective," he says.

be developed and work-

experimentation.

When the name Chesterton is mentioned in exclusive London circles, what springs to mind are flashy Mayfair apartments or houses in Chelsea. One thing Chesterton International, the upmarket property consultancy group, is not usually associated with, however, is management training.

Nonetheless, Chesterton has been running its own MBA programme in conjunction with Middlesex University Business School since 1992 and some 40 MBAs have graduated from the programme. One of the aims. says Bill Heaney, group services director at Chesterton, "is to try and put our surveyors into our clients

Single company MBA proammes have largely been the domain of European business schools and Euronean companies - US bustness schools have found the concept hard to swallow. Accountants Arthur Andersen, the BBC, British Airways and phone company Cable & Wireless are all proponents of single company programmes.

The advantages to the ompany are clear: they can reward their high-flying staff, and so prevent defections to rival companies. while controlling the timing of the programme.

For example, Arthur Andersen in the UK has recently begun a single company programme with Manchester and Warwick business schools in which the workload is most intense over the summer and autumn and there is less work to do in January and March, the auditing season. Other programmes vary

more widely. For example, the Cable & Wireless programme uses the Henley distance learning MBA programme, as studied by thousands of MBA wannabes around the globe, as the basis for its MBA, says Ed Moffatt, programme manager at Cable & Wireless. "We get the same green Henlev boxes.

But in addition there are two modules which Henley has developed with the Cable & Wireless College, based in Coventry in the UR, specifically for telecoms employees - strategic direction in the telecommunications industry and business development and financing in the sector, essentially things like how to apply for

This is about as far as Henley would go in adapting a programme, says Ray Wild, principal of Henley Managament College, which runa single company



diploma and MBA courses for 19 companies other than Cable & Wireless, including Lloyds Bank, Unilever and British Telecommunications. We will tailor the delivery of a course for a corporate client to the extent they need," he says, "but this is as far as we have gone in

tailoring content." Cable & Wireless has been able to exploit its expertise in telecoms technology to overcome many of the problems of distance learning by setting up video-conferencing tutorials between course members. This brings additional spin-offs. "It helps perticipants to learn how to use technology as a management tool," says Mr Moffatt.

A further advantage to both the company and the student is that the case study and project work can be centred on the company itself and the day-to-day work the employee does there. General programmes on the other hand, tend to rely on cases which must be, by definition, of general application to everyone on the programma.

For the course participant there are clear advantages. Howard Oyns, operations manager with the euroglobal team at IBM, is studying on the IBM MBA programme at Manchester Busiriess School. He considered studying independently for an MBA but was put off by the cost and the time requirements. "I looked at a number of options: all were frighteningly expensive and all of them seemed to demand unmanageable

Concerns about companyspecific MBAs are that the employer may have too much input into the development of the course, so removing its status as a general management pro-

amounts of time."

More important is that the social and networking element of an MBA programme applicants is also unfounded



informal discussions matter for students at Astridge Management College

is largely missing from a says Mr Ferguson. He says eral MBA programmes say they learn as much from their fellow students as they do from their professors.

For this reason single comsenior fellow at the management school at Lancaster University, which has been running the British Airways MBA since 1988 - making it one of the first in-company MBA programmes in the world. British Airways. which has everything from technical staff to sales executives and to financial con-

such a programme says Mr Concerns that companies push forward unsuitable

trollers, and is international

into the bargain, is ideal for

company-specific MBA - at Lancaster applicants on many participants on gen- the British Airways programme are of a higher calibre than on the open MBA programme.

pany programmes are accreditation programme, is unsuitable for small compa-also warming to single comnies, says Paul Ferguson pany programmes. It is setting up a working party later this year to decide the criteria which could be used for giving accreditation to single company programmes. like they're here to stay." says Paula Glason, business school services manager at the Association.

> Not everyone is convinced. Although Lancaster runs the British Airways single-company programme it is also a partner in the International Masters Programme in Management (IMPM), which was masterminded by veteran

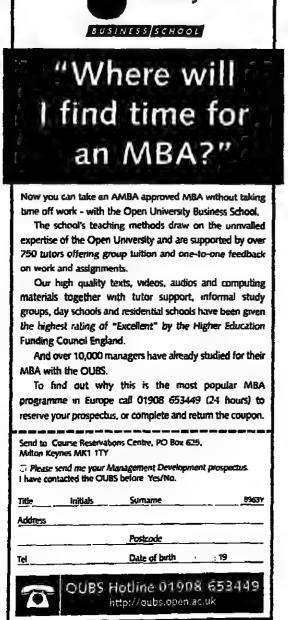
Canadian management thinker Henry Mintzberg. It brings together four or five participants from a handful of companies to study together, so combining the The Association of MBAs, diversity with the focus of a which runs the UK's MBA company-specific pro-

Manchester Business School is also moving towards the consortium approach to degrees.

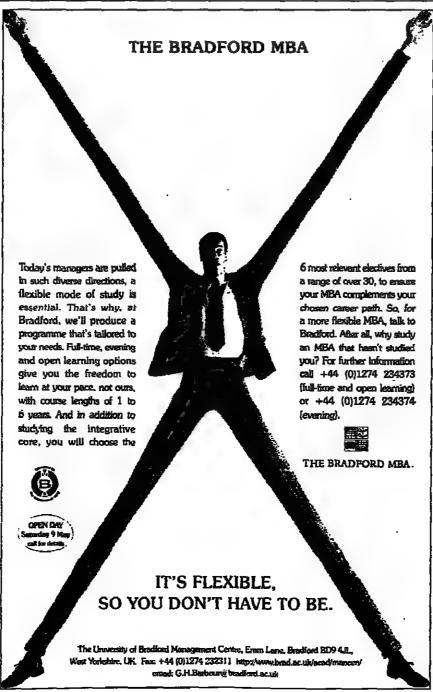
At Henley more than 50 blue-chip companies already send participants on intercompany MBA programmes. Seven of those, including and Rank Xerox, belong to international consortium MBA programmes. Ashridge, at Berkhamsted in the UK. also runs a European partpership MBA of 13 modules over two years. The three companies involved are Lufthansa, Deutsche Bank and







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WOMEN • by Victoria Griffith The ever-widening gender gap

Inequality at the

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getting business degrees to

be surging rapidly toward

women make up over 40 per

medical and law schools in

programmes are female,

according to women's rights

women study at business

even wider. While marketing

and human relations courses

are filled with feminine

faces, management and

in fields that would tend to

place them in staff, not lead-

ership, positions once they

get out," says Mary Mattis of

MBA programmes is perpet-

uating inequality in the

Catalyst considers the sit-

ress of women in business

research will probably not issue. Some of the hypothe-After decades of progress in women's rights, one would expect the number of women

sacrifices my generation That's not the case. While made, and decide it hasn't tion to be in." been worthwhile," says cent of total enrolment in Daphne Atkinson, assistant dean for admissions at Corthe US, just 29 per cent of nell University's business women CEOs, or women sitting on the boards of major watchdog Catalyst. Even companies. Women fear they more disturbing, female will pay a lot of money for enrolment has stagnated; an MRA, work long hours, there has been no upward only to get held up by the movement for almost a glass ceiling."

A perceived macho etti-Take a look at what tude on Wall Street, one of the premier careers for school, and the gap looks MBAs, puts women off finance studies in particular. "The male culture on Wall Street is just considered too unbearable for many women finance courses continue to to be interested in finance." be dominated by males. says Barbara Shannon, a Women are concentrating Wharton MBA candidate.

· Work/family concerns. The timing of business school often rans right up against women's desire to Catalyst. "Inequality at the have a family. Elite MBA programmes usually require a few years' experience as a prerequisite to entry. That means most women attenduation a threat to the prog- ing business school will be people, for instance. Had she entering their 30s within a

MBA programmes conjunction with the University of Michigan. While the

"One of my friends asked be completed until next the financial service firm year, the study is already she'll be working at after sparking dialogue on the graduation how many women take maternity leave ses about the low attendance in their first three years," of women include: says Ms Shannon. "The agement at Pace University.

• Lack of pay-back for the answer was 'none'. That in classroom teams, women degree in the business world. means if she wants to do "A lot of women look at the that she'll be a trailblazer a pretty uncomfortable posi-Worries about the cost

of an MBA. With an MBA at

elite US schools running at about \$70,000 for tuition, and those attending elite MBA school. "There aren't a lot of living expenses, many women fear they won't be able to finance the education. "Women are definitely more concerned with the price of an MBA than men. and we're not sure why," says Bob Alig, head of admissions for Wharton. "Maybe companies don't sponsor them as often. maybe their families aren't as willing to finance the education, or maybe they are insi not as certain about their long-term plans and possible payback schedule as

Because women often want to work in less lucrative fields after graduation, the problem is exacerbated. Sue Emmott, an MBA candidate at Cambridge University's business school, wanted a management degree to boost her skills at dealing with refugees and displaced not received a scholarship and has launched the first few years after graduation, from the school, it might

finance the education.

• A male-oriented culture students. Sponsoring discusin the classroom. "Women sion groups, lectures and complain of stereotyping in conferences dealing with MBA programmes that affects their ability to learn," sidered key. "We want these says Arthur Centonze, dean of the Lubin School of Man- network and become aware say they are likely to play the role of facilitator, given responsibility for organising meeting times and deadlines. Because there are so few females, they tend to be divided up among teams. Too often, they say, they find themselves alone in a group of men and expected

 A lack of role models within the school, Most MBA programmes have relatively bers. "Having a lot of female professors around makes a huge difference to women students' self-confidence." says Anisha Sanghavi, a student at the Lubin School.

to provide the "feminine"

MBA programmes cannot address all these drawbacks alone. The percentage of women at business schools may change substantially only after a change in attitude in corporate America. Yet observers say the schools must take some responsibility. "We are not doing as good a job as we abould in addressing women's concerns," said Mr Alig at Wharton.

Probably the most important step for schools is making sure there are enough

major study of the issue, in the age when many start have been difficult for her to women faculty members to School and Manchester Busiact as role models for female one shortly.

women's issues is also conevents to begin to form a of the issues," says Mis Shannon. But we don't just want to listen to women who've risen to the top. We also want to hear about women who've run into difficulties and why, so we know what we'll be facing after gradus-Help with finances is

essential. A number of schools - particularly in Europe - have scholarships cifically for women. IMD, in Lausanne, Lancaster University's Management more women.

ness School all have such programmes and London Business School is launching MBA programmes may

also want to take a look at the way their classrooms are structured. "A lot of women find business courses too hard-nosed," says Centonze of the Lubin School, whose enrollment is about 40 per cent female, far higher than the norm, "Some schools expect students to take a nosition and defend it, even if they don't believe in it. Women have a hard time during that. We use more collaboration, less confrontational methods than other programmes, and I think that's one reason we attract



BUSINESS EDUCATION 3

Sue Emmott, is the first recipient of a Sainsbury MBA Bursary at business achool. To boost her skills at managing aid program Mis Emmot wanted to be exposed to the rigours of the comm

ADVANCED MANAGEMENT PROGRAMMES • by John Authors

laking friends at the top

Finishing schools for executives put the emphasis on the sharing of

experiences Advanced Management Programmes appear to be a relic of the past in executive education. Long a staple of many business schools' offerings, the old theory, or at least a caricature of it, was that AMPs could act as finishing schools for high-flying executives just before they graduate to the board.

They would arrive at business school for a residential course sometimes lasting three months - even though ing - Harvard, Kellogg, they were already at the Stanford and Columbia. level of seniority where companies could ill afford to advanced programmes or spare them for this length of time. A fixed course would tell them all they needed to know to be directors.

Bob Stilliard, head of facago. It taught 40 or 45 people other class members, rather in a room who would go than from being given the through precisely the same latest research. experience. Occasionally they might have been devoted to action plans."

The courses tend to be sborter and more flexible these days. Four weeks is the norm, aithough even this presents problems for many

them. Individual coaching is offered by most providers.

moved to take advantage of the increasing demand for training in leadership skills, and narticularly in managing and leading change. While most advanced courses also offer standard fare to update executives in theories on financial engineering or marketing, companies are most prepared to pay for courses which will introduce their managers to the concepts of leadership.

In the US, the field is led

by traditional power-houses which are dominated by research rather than teach-Schools which offer close variations on the theme in the UK include the London Business School and Ashridge, also known for their research. However, ulty at Ashridge College of schools offering the courses Management in the UK suggest that the main beneadmits: "That caricature was fits for the participants will certainly the model 40 years come from interacting with

> provides actors to help in sessions on learning how to negotiate, for example, while Kellogg even offers pro- courses is not diluted. Typigrammes in "nutrition, a complete health analysis and

of its course. and will have a salary in Meeting senior executives PXCESS OF \$150,000.

advanced programmes pro-

vide the life blood for the

adapted to suit the partici-

pants. As Liz Mellon, direc-

programme at London Busi-

our participants have very

little patience in sitting in a

classroom and being talked

20 minute maximum for lec-

Basic skills, such as

accountancy, are assumed,

and courses instead concen-

trate on individual require-

ments, or on "big picture"

issues. Kellogg, for example

covers topics such as "US

trade policy" and "corporate

into lecture halls. The

emphasia is on individual

slightly over 40, they will

self-development.

tures."

rest of its courses.

The courses have also can help a faculty keep The school tries to ensure abreast of the latest ideas. that every participant will Don Jacobs, dean of Kellogg, says that the school's to someone who is equally senior, and equally ambitious. Kellogg institutionalises the networking opportu-Teaching methods are also nities by inviting all participants to a three-day reunion every two years in tor of the senior executive the middle of alpine scenery at the Burgenstock estates ness School puts it: "Because

in Switzerland. The key skill which all courses emphasise is leader ship. According to Mr Stilat by academics, we have a liard: "The expectation is that people will make a step change around the question of facing up to their leadership style, and developing confidence in their ability to drive a business forward."

Networking is an important component of preparing for leadership, as by defini-tion executives begin to find governance". Classes are their jobs lonely, with fewer limited to about 40 people, to direct peers with whom they avoid classrooms turning can share experiences, as

As Ms Mellon puts it: Ms Mellon admits that the "Leedership is a very lonely networking opportunities existence. You are isolated, London Business School are important for partici- and you can't share your pants, and applicants are weaknesses. You are workclosely vetted to make sure ing in a politically charged that quality at each of the environment and you don't necessarily want to fight cally, participants will be people. Most importantly, you're fired up, but you a life-style evaluation". Aero- have worked in more than don't have the time to companies, and several bics classes are offered one country and in more think."

CHANGING PLACES • by Delia Bradshaw

Deans' posts hard to fill

Top job proves to be a challenge for individuals from business

and academia From California to Carolina and London to Boston, business schools are getting new deans. Be it the increasing and conflicting demands of academia and the business community or the need for more active fund-raising,

deans, principals and directors are all on the move. According to the AACSB, the US business school accreditation body, there were 71 deans' jobs waiting to be filled in North America alone at the beginning of April. And many of the schools which are seeing a change at the top are among the world's most prestigious.

In January this year the Kenan-Flagler school at the University of North Carolina introduced its new dean, Robert Sullivan. And in July, London Business School in the UK and the Sloan school at MIT, the Goizueta business school at Emory university in Atlanta, Georgia, the Darden School at the University of Virginia, and the Haas school at Berkeley in California will all have new deans. Thomas Moore, former boss of the Arthur D Little management school, will take over as the dean of the graduate school of management and the executive centre at Babson. Others looking to fill the top slot include UCLA, in Los Angeles, the Georgia Institute of Technology and the universities of Toronto, British Columbia and Seattle.

But why are so many deans leaving? Some, such as Ron Frank at Emory and Glen Urban at the Sloan demia. Others, such as Leo spread his wings and is now













president of Babson, in Massachusetts. George Bain left London Business School to become the vice-chancellor of Queen's University, Belfast and also in the UK, David Weir has left Bradford University's management centre to take the top job at the Newcastle Business school at the University of

Northumbria. For many, the increasing demands of the top job remove the gloss off the position. Prof Bain, for example who was the highest paid academic in the UK when he was principal at LBS, is thought to have quit the job school are returning to aca- because he had not the stomach for the fund-raising that Higdon, former dean of the was needed to put LBS on Darden School of Business, the map alongside US business schools.

His successor, John Quelch, a Harvard marketing professor, sees market ing as the key issue. "The principal agenda is to make the school more famous. The more I've seen the more impressed I've been with the faculty and the research. We need to make it more famous

But marketing and fund-

raising are not necessarily the most graelling tasks for a modern dean. Charles Hickman, director of projects and services at the AACSB believes the job description has changed. Technology is changing the way courses are taught - particularly irksome to older academics -and business schools are being forced to become more Most deans in the US bave

had to overhaul their curriculum, change their internal processes and act as an agent of change in the universities to which most of them belong. "These roles are never popular," says Mr Hickman. "Some deans get chewed up by this."

John Kuhnle, managing at the Goizueta school at vice-president for educational practice at Korn-Perry points to deans such as Doninternational, agrees. Fac. ald Jacobs at the Kelloge ulty always resist change," he says. "Everyone's for versity as the sort of acachange unless it affects demics who have been

Moreover Mr Kuhnle

have a big role to play in many deans' decisions to quit. While business schools are frequently the cash cows the marketing and manageof the universities, they usu-ment skills of a business perally do not get to keep the son an industry deen may money. In periods of university retrenchment, as is visi- debating rather than co-operble in the US today, the ative perspective that facmoney is often funnelled off ulty bring to the table, says to support ailing departMr Kuhule. "A typical corpoments and the business rate manager cannot stomschool dean is thwarted in ach academics for long!"

his or her attempt to develop the school, Altogether, says Mr

"is not the best job in the business school - the best job is a tenured full profes sor." Nor is the dean's position the most lucrative. While the dean is tied to fund-raising dinners and endless administration, the faculty are often earning huge sums for consultancy. "You have to have a big ego to do their job; you have to believe you can make a difierence," says Mr Hickman. "There are a lot easier ways of earning a lot more

In recent years in the US there has been a trend towards the appointment of business people as deans -Tom Gerrity at Wharton, for example, and Rex Adams at Fugua. In the UK Leo Mur ray, director at Cranfield and probably Britain's most enduring business dean, was also recruited from business. But there is no real indica-

tion whether business people or academics fare better in the job, says Tom Robertson, Academic headhunter who will take over as dean Emory university in July, He school at Northwestern unihighly successful in the job. "I don't think you can conbelieves financial issues clude that either business people or academics make hetter deans."

While academics may lack easily lose patience with the

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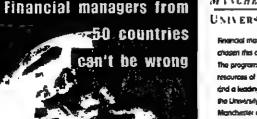
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4 BUSINESS EDUCATION

A fairy tale still unfolding

Once upon a time, there was a small, insignificant husmess school called Babson. The university. located in a Boston suburb. was considered so beneath notice, it didn't even appear on national rankings of MBA programmes. Much of tired, many of its students

Prince Charming anneared in the form of a new university president -Bill Glavin, who took over Xerox. decided Babson could do far better and emberked on an innovative brought in 200ng, dynamic professors and forced them. to team un for interdisciplinary courses that the elite MBA program He set up internship programmes for studen op companies, launched a "creativity" module that had students writing poets and nainting their first month at school, and established a live \$2m

Bahson will live happily ever after, the transformation of the school is as close as an MBA programme is likely to come to a rags-to-riche tale. The number of applicants has more than. doubled since 1993, and student scores on the GMAT - the standardised test required for graduate dmission - has risen by-

investment fund for students to try their hand

While no one knows if

at stock-picking.

Graduates' starting salaries surged 36 per cent from 1994 to 1997. Baheon's endown more than tripled during Prof Glavin's reign to reach \$116m in 1997. The school not only appears in national rankings, but is considered the best in the

nearly 100 points.

country in the increasingly contilar area of entrepreneurable. The magazines Success and US News & World Report bo placed Behoon first in that the amointment of Leo Higdon, former deep of the competitive Darden School of Business, as Babson's new president following Prof Glavin's retirement By many measures, the school has not quite achieved "elite" status. Average student starting

salaries, while greatly improved at \$60,000 are still

well below those of schools

and over \$80,000. pillar of the curriculum. While Baheon has improved its finance department over the past two years by adding staff and inangurating a student-run investment fund, it is still place for Wall Street firm

leased with the changes. We like Babson graduates because they have field work under their belt and have an entrepreneurial edge to their thinking." president of Fidelity Investments' tax exer services division. "Babson compared to the elite schools in getting its finance area up to par, but it's doing a pretty good

Still, recruiters seem.

An emphasis on practical experience sets the school apart. In Bahson's entrepreneurship module, sindents are given seed money to start their own business. A mentorship programme, established in 1998, has students offering. consulting services to local investment fund, run by the students, gives them an important chance to try their hand at investment

"Other schools give the students real money to play with, but our fund distinguishes itself by being as close to the real thing as possible," says Prof Higdon. "We have compliance agreements, client etings, analysis - the whole operation." The school is considering. adding emerging market

Creative thinking is a The month-long creativity module that kicks off the MBA programme is memi to give students the courage to "think out of the box". Recruiters say the method is working; they believe

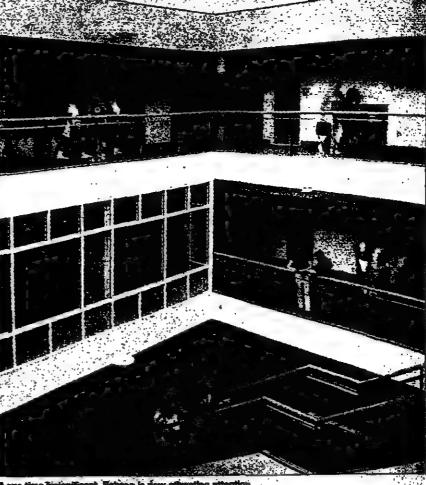
Bahson graduates in separal are more open to

new ideas than MRAs from other schools. Babson's new status is partily due to luck, If is

reaping the henefits of curriculum improvements just as many companies, hit by labour shortages in the recruitment beyond the eltie schools. Babson's

ship has also coincided with a surge of enthusiasm for the subject in recent years. Bobson's achievments, If anything, the element of chance makes the story seem more like a fairy tale.

Victoria Griffith





like Harvard or Stanford.

PARTNERSHIPS • by Della Bradshaw

mage make-over for IT chiefs

Custom-made course downloads management development skills to IT staff

Every profession attracts its own prejudices: it is widely accepted that all accountants are boring, all journalists are scruffy alcoholics and all information technolnerds who simply cannot communicata.

Whatever the truth of the matter, BankAmerica recognised that as technology was central to the development of the bank's services, improved communications between its IT staff and the rest of the business was central to the development of CUSTOMON MITVICES.

Like many large service companies in the mid 1990s, BankAmerica was moving away from the centralised IT department and migrating the technology to the various departments around the bank, says Denise Erickson, California-based organisation responsible for technol-

agement programme that argues Hauser. "The differwould support that strategy. "One of the main objectives was to get some real good management training." says Ms Erickson. The technology department, she concedes, "had a very poor repu-tation across the bank." Over the past two years

BankAmerica has put its top 350 information technology staff, in the US and the UK. through management development courses to improve communications between Base and the rest of the

BankAmerica made a short-list of three organisations to develop the programme. Two of these were consultancies and the third, and the one which was successful, was the Centre for two-day modules. The first Custom Programmes at the Kenan-Flagler business school at the University of North Carolina at Chapel Hill, which is devoted exclusively to designing and deliv-

ering custom programmes. Director of the centre, Jean Hauser, believes a business school could bring more human resources manager at to the table than a consul-Base (Bank America tancy because it is backed Systems Engineering), the up by the school's research

ogy at BankAmerica. What between a small town hospi-the bank needed was a man tal and a teaching hospital." a lot of behavioural science long, even though this was slon.

ence with a university is the creation of new knowledge." Prof Hauser's first step was to find out what the IT department's internal customers wanted from Base. At the end of her research she concluded the biggest issue was "how do we take these smart, lovely people (TI

staff) and teach then to build business partnerships." On the one hand the busihelp them understand technology and its costs; on the other. Base managers wanted the business units to be able to share a common vision of where the technology might lead.

Hauser decided to design the programme as six, module dropped participants in at the deep end and says Prof Hauser. We run next level of managers. focused on strategy and leadership. Prof Hauser gave participants the feedback she had gleaned from Base's internal customers. "That programme in two-day modwas not a happy day," says ules over two years had Hauser. "But really, they

knew it already." · The second module was on

in it, which many of the per-ticipants found difficult. Ms the group. With 350 pertici-Erickson believes the emphasis on internal consultancy and the marketing of had to be taught seven technology was one of the critical elements in the

Many were happier with

the third module on finance. "They dug out their calculators and they really like that," says Prof Hauser. The fourth module was on marketing and the fifth returned tion. to strategy and technology as an enabler. The sixth module, which has still to run, will take a class look at an internal issue and use action planning - a relatively new concept in the US

- to solve the problem. The role of the professor in tator rather than a lecturer. up and down the floor next to the people. We don't get to dress up and play!"

The decision to run the

pants in California and Croydon, in the UK, each module times, to a group of 50 participants each time.

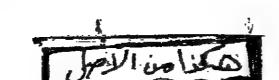
At the end of the day Ms Erickson says the people involved are "very happy" with the programme and that it has changed the way the technology staff work with the rest of the organisa-

However, the 350 staff on the programme are the most senior managers in Base the total headcount is around 3,000 - and Ms Erickson says she would have been "very concerned" if these people had not taken the message on board. Her action planning is of a facili-next concern is how to bring a similar message to the

Base's curriculum advisory body, which worked with Kenan-Flagler to produce the top manager programme, is now looking at the issues involved in trainadvantages and disadvan- ing these middle managers tages. On the up-side, partic- using the bank's internal ipants got time between resources. If they can be how to become a better modules to apply some of transformed into consuminternal consultant and a the ideas they had learnt in mate marketeers like their better business partner. Prof the workplace. But Prof Hausenior managers, the image "It's the difference Hauser describes the two ser believes the whole pro- of the IT manager might,

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From embroidery to economics

Switzerland is better known for the quality of its chocolate and watches, than for its world class business schools. Its best-known management school, the international Institute for Management Development (IMD), is based in Lausanne. But it is so global that it could be based anywhere in Europe.

to turia Griffia

By contrast, the closest pure Swiss equivalent to a US-style "Ivy league" business school is the Hochschule St Gallen (HSG St Gallen). This is where the real "movers and shakers" in German-speaking

Switzerland, which accounts for two thirds of the Swiss population, and an even greater proportion of the country's economic power, do their basic training. It is one of Europe's smaller universities, and while the mitials lic.oec. HSG , do not carry quite the same weight as a Harvard MBA, it is a prestige qualification for would-be entrants to the

The university is perched on the Rosenberg hill overlooking St Gallen, an old and picturesque town of 75,000 people in North East

German-speaking business

Switzerland. St Gellen takes its name from an abbey founded in 720 on a spot where a monk called Callus Switzerland. died. In its bevday it was A quarter of its 4,000 the cradie of the Swiss students come from oniside

Hence, it is somewhat surprising that the forerumer of the University of St Gallen was only founded 100 years ago, and well after universities were established in the bigger Swiss cities of Basle, Zurich. Berne and Geneva. It began as a commercial academy orientated towards me the special needs of St

textile industry.

industry but has developed into the largest economics and management faculty in

Switzerland and the vast bulk of them are from Germany, For many German students, 6t Gallen's attraction is its promise of a cheaper and faster busine education than rival German institutions, with the added hours of helps closer to some of Europe's top ski resorts. Non-Swiss students pay SPr850 (£844) per semester in tuition fees and the university estimates

hansa, KLM and SAS. "We

agers they are not as good as

they think they are," he

says. "Simulations do that.

You can introduce lots of

'bad weather' in a risk-free

nology is a major advance-

ment. But he is now also

sure, he says, that simply

applying it to traditional

pedagogical models is not

enough. But if, as Angerhn

says, lusead was the "the

first to start multimedia

cases and the first to stop",

their growth nevertheless

They are, for example,

already moving out of the

business school classroom.

UK training company Xebec

has linked with global audit

Waterhouse to produce a

multimedia CD-ROM train-

ing programme for middle

Real cases include US cruise

Parific and Ford Motor Co.

"Expert tuition, tutorials

and real-life case similes are

the hallmarks of husiness

schools," says Xebec manag-

ing director Chris Horsenan.

"By combining these ale-

ments in a high-quality

dents feel involved, chal-

lenged and in control. And the CD-ROM format mans

that managers have the

opportunity to get to grips with the art of business

strategy wherever and when-

Prof Robertson at LBS comments that "to some

extent this kind of case is more expensive and

He also suspects, he says.

That "they may have a shorter shelf-life than paper

cases". But, as he also points out, shelf-life is falling every-

where. "Students, especially practising managers, regard

anything over three or four

years old as ancient his-

suming to produce".

ever it's convenient."

group Carnival Cruise Lines,

seems irresistible.

Prof Angerhn remains

environment."

that the average living costs in St Gallen are between SFr1,500-SFr1,700 a month.

The roll call of St Gallen's alumni is heavily weighted towards bankers. Hans Meyer, president of the Swiss National Bank, did his doctorate on "short-term dernational credit aid" at St Gallen, and other banking alumni includ Lakas Mühlemann, chief executive of Credit Suisse, Peter World, Swiss Bank Corporation's chief financial

Rank and Denidict Hentsch, managing pariner of a Geneva private bank. However, St Gallen does not specialise solely in producing Swiss bankers. Other famous old boys include Henri Meier, Roche's legendary chief financial officer, Prince Hans-Adam II who rules Liechtenstein, and Arnold Koller, Switzerland's justice minister, who is overhauling the Swiss

constitution for the first time in decades, Meanwhile, Antoinette Horniker-Ebneter, the new chief executive of the Swiss stock exchange, is a reminder that a fifth of St Gallen's students are now female.

St Gallen differs from that it is primarily a university for undergraduate students whereas DMD, is focussed on programmes for more mature business executives. About 800 students are on the various doctoral rindents enter St Gallan around the age of 20 and spend the first two years on A common foundation course. It involves two

semesters a year totalling 28

weeks and the four main

compulsory subjects are

business administration. economics, law, and computer science. There is a drop-out rate of then choose whether to ""

economics, or opt for political science, law, or a wanagement teaching qualification. About 75 per cent plump for economic eriences. St Gallen trains its students to be generalists but also stresses the benefits of having access to 27 institutes and research centres which range from

investigating everything from business othics to infomatics. St Gallen's list of 75 professors does not have the officer, Josek Ackermann, a eye-catching talent of some board member of Deutsche of its Anglo-American rivals, but it has produced

some distinguished business academics, Hans Ulrich and Walter Krieg were well known for their research into systems theory and cybernetics and inventing the St Gallen management model to 1973. More recently, Bruno Gehrig, gave up his job as professor and head of St Gallen's research institute of banking and finance, to join the triumvirate running

Switzerland's central bank. St Gallen is very much a Swiss university. It receives two thirds of its SFr100m a year budget from public funds and raises the rest from the private sector. But although it restricts its foreign intake of students to 25 per cent, it is making increasing efforts to widen its international horizons. In 1987 it launched an

executive MBA programme

and since 1990 it has been a member of the community of European Management Schools (CEMS). Heinz Bauser, a St Gallen professor, is president of CRMS which alms to foster co-operation between a dozen leading European management schools and over 40 international companies. It is keen to dilute the German bias in its doctoral programme by increasing the number of Rnglish-speaking students and is planning to launch an English-language masters degree course in

international management.





Prince Hens-Adem II who rules Liechtenstein is enother old boy

fame in the increasingly competitive business school environment is its annual three-day International Management Sympostum. Unlike some other ventures, it is organised purely by the student community and attracts over 300 business and political leaders a year.

for late May, is entitled "Success in Times of Paradox". It could make a fitting title for St Gallen's own recruiting brochures for what is now regarded as one of the top three business schools in the German

speaking part of Europe.

CASE STUDIES • by George Bickerstaffe Bringing studies to life

Simulations introduce "lots of bad weather in a

risk-free environment" The impact of technology on

teaching at business school has probably been greatest in the application of multimedia technology to case studies, one of the most prevalent teaching methods in business education. The ratives of real situations to teach theoretical principles was in use at Harvard Law School (using summaries of court cases, hence the name) in 1870. Harvard Business School picked up the idea in the 1920s.

Cases are traditionally and combining a narrative with detailed statistical analvals. Most business schools are now developing multimedia case studies for onscreen viewing that combine traditional data with video clips of interviews with company executives, suppliers and customers, TV advertising and production facilities. Cases are either supplied on CD-ROM or available over

London Business School, for example, has posted a case study on UK airports management group BAA on the Web. Marketing professor Tom Robertson, who will soon take over as dean of the Goizueta in Atlanta, Georgia, says that the advantage of multimedia is that "these technologies bring the cases to life for students. They add

Prof Robertson adds that apart from video one of the most interesting uses of technology is the ability to add enecialised software to cases that allows students to carry out more manipulation of data, for example sensitivity analysis. "Students react very positively to interactive

cases.
"Nowadays they are very comfortable with IT and in some ways expect us to use it. To an extent we are just teaching in a way that is compatible with students'

r IT chiefs

spoon feeding them."

Harvard Business School. Which has long-dominated the writing and distribution of traditional text case studies, is now also one of the most advanced centres for multimedia cases. Kim Clark, dean of FIBS, has been ruthless in pushing the school into leadership in the application of technology to business education, spending over \$10m (£5.9m) in a yeer 'case method" - using nar- to provide HBS with one of the best campus information networks in the world. In one MBA course at RBS

- Designing, Managing and Improving Operations, taught by HBS professor David Upton, course material has been reformatted for electronic use with cases print based, often very long designed to be read on screen. Content remains "locked" until the appropriate time in the course, when it becomes acressible

Prof Clark comments that multimedia technology is taking the case study approach much further than its paper version. "The technology allows us to do things like create a case ditional text cases. structure in which the stusearch for data. It's not a linear parrative, it's more like what the world's like it's messy and the problem isn't framed for you."

In an interactive case used by HBS marketing professor John Quelch (who will this year take over as principal of London Business School) for his International Market-

it easier for students. It's not dents have to guide the tions", appropriately enough advertising strategy in the since the work is for Luft-UK of chip manufacturer Intel during the first quarter want to make clear to manof 1998.

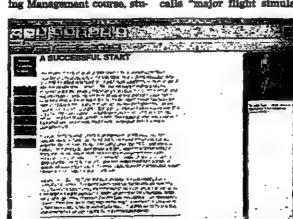
The case contains extensive industry and company data and video clips of Intel executive presentations, customer focus groups and past advertising. With a budget of \$125,000 students have to clear that multimedia techweigh the merits of alternative advertising strategies, commission the production of selected advertisements and purchase qualitative and/or quantitative research on the copy options.

Finally, they have to make

recommendations on which advertisements to run and the emphasis given to each. Insead, based at Fontainebleau outside Paris, developed its first multimedia cases in 1992. But, according to Albert Angehrn, professor of information systems at and consulting group Price Insend and head of its centre for advanced learning technologies, the use of multimedia cases does not much and senior managers. This improve the learning of stu-uses a number of real-life mathematics/statistics dents in terms of retention and fictional case studies.

and comprehension over tra-"Multimedia cases get Hong Kong investment and dents actually have to high user satisfaction rate management company First ings." Prof Angehrn savs. "but we are not in entertainment we are in learning. We have found that people learn best through some sort of simulation. The problem is that managers think they know it all. Cases can make them detached."

Prof Angerhn and Inseed are now working on what he calls "major flight simula-



skills. I don't think it makes An interactive case study from London Busine



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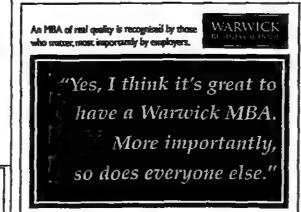
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ny, and various other schools, with 50 per cent of the degree coming from Kellogg and the other 50 per cent from the partner Gostel Photo Dadgo

fork in the road to global enlightenment

But they have chosen totally Chicago, has opted for fran-starting in Hong Kong. Schools face different ways to do it. dilemma as they try to expand without diluting their reputation

Two US business schools, separated by only a few miles of the Lake Michigan shoreline in Chicago, are both attempting to achieve globalisation of their other cities across the world.

perfectly the dilemmas faced by all business schools as they try to establish a global presence - how to ensure that expanding their pres-

ance and franchise does not result, through poor quality control, in diluting their reputation. J L Kellogg School of Management, the business school Northwestern University

chising, and has built allischools across the world. The University of Chicago

Graduate School of Business, like Kellogg frequently built its own campus in Barcelona, Spain, without tions, and plans to use the same strategy to in the northern suburbs of build elsewhere, probably awkward job of evaluating

was the only way to tackle the problem of quality control: "Our faculty didn't want to give out our degree ranked in the top ten US when half the courses are business schools, has taken taught by another faculty the opposite strategy. It has and held in the other faculty's premises. We would have lost our own autonomy linking with local institu- and control of standards for the degree."

Robert Hamada, dean of their faculties, he said, "the Their choices illustrate ances with other business Chicago, suggests that this easiest way to do it was to do it ourselves". Prof Hamada draws an

analogy with industrial companies. "If you were working for IBM or Ford you a student body in Chicago wouldn't think twice about setting up a wholly owned foreign company. But what university has done that? It was unique to do it this way, and we felt from a market-Rather than enter into the ing and public relations on the Kellogg campus, dean standpoint it would have a bigger impact. I think that's been proved true."

A final point, for Prof Hamada, was that setting up a foreign school forced the faculty to be truly interpational in their perspective, from the bottom up. Rather than rely on professors from another school in Europe to rate a broad view which would introduce Europeans and Asians into all their course designs.

Faculty members go from Chicago to teach the 80 studenta each year, almost all of them Europeans, who

cially and is owned by the university, In their second summer they all have the opportunity to study in Chicago, which virtually all of them take up. They augment

cent of students coming from overseas. A few miles to the north Donald Jacobs has for a long time been the high priest of global alliances. He organised a conference on the sub-

overwhelmingly American.

with between 25 and 30 per

"My argument at the time was that that in the world we lived in there was no business school which could operate alone. It was impossible that you could develop provide a separate view- reach on your own, so you had better think about how you could form your alli-

A decade on, Kellogg has firmly taken this route. Opting against merely offering executive education programmes in joint ventures. because these would seem

other business schools and long, which was built spe- persuade students that they were part of the institution. Kellogg decided to launch degree programmes around the world.

Using technology transfer to help deliver the degrees, he set out to establish alliwhich was already far from ances in each area of the world, with the aim that the "sun would never set on Kellogg". For each school. Kellogg's Masters degree is delivered jointly, with 50 per cent coming from Kellogg faculty, and 50 per cent from the partner's. This way, each programme was supposed to develop the nuances of its

> So far, links have been established with the University of Tel Aviv's Recanati School of Business in Israel and with the Hong Kong University of Science and Technology. All participants have to spend time at the Kellogg's Allen centre in Chicago, where they work not have dreamt of. on courses in negotiation which given their back- ent philosophy adopted by of them useful insights in developing future cross-bor-

pipeline, and Kellogg has also consulted on the creation and growth of business schools in Bangkok and Beljing. Future projects include a joint venture with the Uni-

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business school in India. Quality control for the programmes stems from knowing the respondent institutions well, and from working closely with them to deliver the education, according to Prof Jacobs.

versity of Pennsylvania's

Wharton school to build a

Most importantly, he believes that involving another institution's faculty is vital to globalisation of Kellogg's own courses in Chicago. "We have enormous interchange of faculty from these schools which we otherwise would not get." New concepts have been added to Kellogg's teaching which "we otherwise would

Despite the totally differgrounds tends to give many his nearby rival. Prof Jacobs is adamant: "We believe that if you are going to be a global institution, you need

"I was confident in seeing an IMD alumnus become my successor"

deen of Chicago, says his school has sought to retain autonomy and control of standards for its degree



Peter Brabeck-Leimathe, the new CEO of Nestle, is one of the many highly successful international executives whose careers have been enhanced by attending programs at IMD

The first program he participated in, Program for Executive Development or PED, is an intensive 10-week general. management program (over 14 months) designed to prepare your company a competitive edge, you should carefully tast-moving middle managers for their next big step

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Building on western platform

The University of Rong Kong School of Bustness may be young - in its two years old - but it is bigon ambition.

It describes its uim es seeking "to rank as one of the best in Asia, if not the To this end the focus is squarely on business and management within the Asia Pacific region and. specifically, Hong Kong and

This creates certain challenges: the body of management theory material is predominantly western in origin and so-called Asian practices are in something of a state of evolution - not least because the reins at the big companies are being passed to a generation whos qualifications often include an MBA from the US.

To overcome this, the making efforts to build up its own repository of Asian practice and theory. The government-funded Research Grants Council has committed more than HK\$6m to develop Asian husiness case studies, a comprehensive portfolio which business schools across the world will be able to access.

Dr Ali Farhoomand leader of the team working on the case studies, says:

centre of gravity moves from west to east, the distinctive nature of firm. strategies, managerial styles, human resource practices; use of information and corporate governance found in Asian importance, not just to

managers in Asia, but to

managers worldwide." In classes, the school meter to "add the local to the global," says Dr James Newton, a lecturer at the school "We work on western academic ontont That's the platform, then we build on it."

Building on this includes capitalising upon links with China. The School will also offer an MBA in China through a joint venture with Shanghai Fudan University.

At home, plans are afoot to establish a Coines Management Centre to lead research on the management of Chinese firms in the next century. The Centre conducts research and executive development programme in three greas: Chinese culture and managemer practice; evolution of the Chinese firm; and managing customer

Beyond China, an Apec study Centre has been set up - reflecting the

of the Asia Pacific Economic Co-operation - to generate quality research on business and policy issues in the region. The Centre's three-point focus is on competitiveness. financial services and trade

> For students, the school offers two undergraduate degrees, a Bachelor of **Business Administration in** Management and marketing, and a more specialised Bachelor's legree in accounting and finance, as well as the MBA and research degrees (a. programme which is supported by the private

Despite its academic west-to-east platform, the 90 per cent of students come from Hong Kong, a reflection of its part-time syllabus, and while the language of learning is English, inter-class work is inevitably carried out in Cantonese, the local dialect.

Until recently the MBA course could only be done in three years, thus ruling out those working in Hong Kong on shorter contracts. This could change with the introduction of the two-year course, which better fits in with the typical expatriate overseas

The school is resolute about its decision not to

then

part-time market is where the most interesting people are," says Dr Newton. "The ones that give up a job and study full time are not in touch with the coalface. And we find people are not willing to get off the career ladder.

The MBA programme takes in around 80 to 90 students a year in two receives around 400 to 450 applications. Famous sons of the School are noticeably those who have not slotted into family companies - Philip Chen, the number two at

Cathay Pacific, Hong Kong's de facto flag carrier, and Linus Cheung, who beads up Hongkong Telecom and came through a previous incarnation of the School of Business.

The School has witnessed fair degree of upheaval in its short life - the transfer of sovereignty in July 1997 and the more recent Asian financial crisis. This may add to the load

of applications. "In times like this people feel that they need to improve their own abilities, because that will improve their prospects of remaining within a job and increase their knowledge of what is going on," says Dr Newton.

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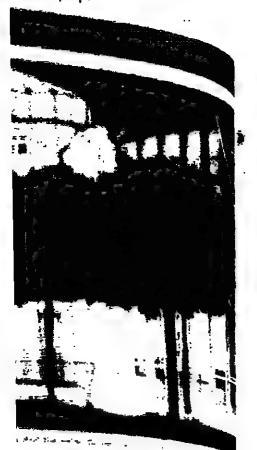
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CURRENCIES & MONEY

Focus on Japan

By Richard Adams

prise sterling investors.

US demands for Japanese action to stimulate domestic first 20 days in March, published today, shows a surplus approaching the near 90 per cent rise of February.

A strong surplus will keep up pressure to support the yen against the US dollar in a market where many traders remain wary of further intervention.

The Bank of Japan's monetary policy committee meets on Friday, but the market's focus will be on that day's announcement of the government's latest Y16,000bp stimulus package,

both US and Japanese

patible. Stephen Roach, chief economist for Morgan Stan-The market's focus remains ley Dean Witter in New firmly on Japan and the yen York, says: "In the zero-sum this week, although UK eco- realm of foreign exchange nomic data to be published markets, it is rather difficult bave the potential to surresults in both a strengthering yen and a strong dollar."

If the yen wins and the demand could intensify if dollar loses. US financial Japan's trade surplus for the markets might actually cosrect". Mr Roach said. "Conversely, if the dollar wins and the yen loses, the Asian crisis could yet take another ugly turn for the worse." In the UK, sterling traders face a busy week, with a

series of hig economic numbers published every morning. Most important are labour market statistics due Wednesday and first-quarter GDP figures on Friday. A surprise on the upside from either will set off interest rate sirens.

A continuation of the The difficulty faced by Franco-Dutch falling out over rival candidates to head

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2000	(7)	221,364		7세 - 🖙	F 700	2012	220,010	6.7	212.019	68	20 A20	6.5	117.5	معززا	m	131.570	-0.115	E30 - 710	132,180	131,060	131,12	8.0
		E.3002		730 - 第5	E/250	6.2348	EATE!	-6.0	6.4781	-54	6,5785	-44		Nationals:	PAS	3,7900	+0.0275	T T	2.8000	3.8945	3.6145	-7.5
ine Zashaji Mindasa	1025	3.0183	-B.8737	104 - 115 500 - 200	3.0343 64.2372	3.0057	3.0284	-1.8	3.0267	-1.3	3D46	-1.0	38.6	New Zaphro	(125)	1,7902		- m	1.7940	1.7806	1.7023	-21
and Achie		6.3198		177 - 220	6.2656	8.3145	SAAGA	-43	65.485# 6.300#	-85 13	74.3727 6.2537	-10.1 IID		Philippings Specif Arabia	Card	37.A500		DOX - 508	38.0700	37.7500	78.3005	-11,1
ingent of	20	2.6960	-8.0160	45 - 86	2,72%	2,8911	2,8046	8.5	2.8915	8.6	2.5797	48	:	STREET PERSON	507) 500)	3.7507 1.8000		505 - 508 905 - 010	3.7509 1,6090	1.7509	1.7525 1.8015	-45 -1.1
noth Alden	7	3.4950	-0.0ms	966 - 000	3.5344	8.4000	8.5(12	-64	2.6212	-59	8.8cm	-13		South Africa	8	5.0415		40 - 400	5.0495	5.0965	6.0763	-4.3
Octil (2019)	(Mari)	2332.88	-84	798 - 779	CALLY	2334.57		-	-	-		π,		South Yorks	(Mari	1384.50			1307.50	1379.00	2-0-49	
ninene .	(13)	27tt3	-0.1927	155 - 579	58.0360	85.5010	35.67	-83	55,7400	-8.7	第2917	-82		Tales	(13)	33,0215		110 - 270	23,0350	32,8980	33.0015	-8.5
	(1)	61.473	-1,136	000 - 450	GR.3080	63.735	47.074	-16.5	67 B484	-7.1	72.094	-85	•	Touburd.	80	30.4500		MI - 800	40.9508	37,7506	38.865	-17.5

Apr 17		وطعط	Charge	Sidelly.	Day's		(m) 100		Three =		gins have		May,
			on day	dated		Jan .	Rate	N.PA		<u> </u>	<u> Anna</u>	WP)	Jad
Baropa													
Austra	624	127167		146 - 185	12.7190	12,6440	12.6937	2.7	12,5522	20	12,4907	1,3	
Reigher	(BFr)	\$7.2950		900 - 000	37.3100	37.1470	37,2245	2.3	37.116	1.9	36.6425	1.7	
Deletari.		5.8918		908 - 928	6.8832	6.8533	6.8514	1.5	8.8624	1.7	6.7807	1.5	
Polend	(F4)	5.4872		845 - 898	5.4905	5.4815	5.4775	21	5.4586	20	5.3892	1.8	
COMO	(FFI)	B.0575		355 - 385	8.0637	B.0297	6.0467	21	8.027	20	5.9495	1.8	
Service .	(MAC)	1.9075		072 - 677	1.8079	1.7965	1.8044	21	1,7968	2.0	1.7754	T.B	
Greece	Pd	313.490		240 - 740	314.180	312440	315.215	-8.6	318.215	-60	329.74	-52	
	(E)	1.3954	#0.0018	964 - 984	1,4020	1.3836	1.3945	8.0	1.3839	0.4	1.4032	-0.6	
	2)	1786.6	-0.2	590 - 71D	1789,15	1777.60	1786,28	Ωī	1784.1	0.5	1764,9	1.2	
وسيخمضها	4. Fg	37 2350	-1.006	90X + 600	37.3300	37 ,1470	37.2245	23	37.116	1.9	38.64%	1.7	
	A	2.0354	-	251 - 356	2.0380	2.0255	2 m17	22	2,0249	21	1.9084	1.8	10
Markey.	(1801)	7.5004	+0.0005	979 - 026	7.5139	7,4813	7.4885	1.7	7.4708	14	7,4078	1.2	
Podegal	(Ex)	155.170	-0.02	120 - 220	185,460	184,290	185.008	1.0	184,577	1.3	182.23	1.6	
Spain	Phi	153.495	-0.05	486 - 510	153.530	152,790	153,363	1.0	153,019	1.2	151.2	2.6	7
Sweden.	(206)	1.7540	は記れ	08 4 G	7,7685	7.7112	7.7565	12	7.743	1.1	7.8897	1.0	
استعدادة	(SFI)	1.4988	-0.0062	975 - 996	1.5	1,4913	1.4925	4.4	1.4827	4.2	1.4408	3.8	
èsc	(A)	1.6850	-0.0074	松·福	1.6972	1.6835	1.5825	1.7	1.9776	V.E	1.6592	1.5	11
Etae	-	1.0978	+0.0004	1075 - 1000	1.1026	1.0965	1.0001	-1.4	2.1017	-1.4	1.1140	-1.5	
SDB†	_	£74289		-				-	-				
Americas													
Argentine	(Past)	1	-0 0000 i	565 + 996	0.9007	0.0000	-	-	-	-	-		
	PS	1,1411	+0.0005	415 - 411	1.1415	1.1405		-	-	-			
Canada	CS	1.4303	-0.007	300 - 305	1.4341	1.4295	1.4294	0.8	1.4276	0,7	1,421	9,6	
Messep	(Flow Pane)	5.400 ()	-0.0045	930 - 630	8.5050	5.4926	4.55	-13,7	1.794	-13.8	9.6805	-13.9	
USA	(2)				-					-		•	11
	in Cartifichia												
Application	(44)	1.3327		321 - 333	1.5335	1.5263	1.5319	R.S	1.591	0.9	1,5186	0.0	
Hang Krayl	(1805)	7.7473		468 - 478	7,7482	7.7440	7,7486	0.1	7,7526	-0.6	7.9173	-22	
Staffe.	Pint.	28.6825		758 - 966	98.7158	39.1676	•		•	-	•	-	
	ينظ	3,7260		236 - 341	1.7360	3.7214						_ •	
معزيان	- [1]	131.570		630 - 710	132,180	131,080	131,12	8.0	120,005	5.1	125.015	- 41	11
Alakeyada Marw Zapigod	510	3,7900		H + H	2.8000	3.8945	3.6145	-7.5	3.8615	-7,5	4.025	-42	
Philippines		1,7902 37,8500		400 - Inc	1.7940	1.7805	1.783	-21	1,7987	-1,8 -11,3	1.3175	-1.5 -11.6	
Santa Valen	(Falc) (SII)	3,7507		505 - 508 506 - 508	38.0700 3.7500	37.7500 3.7509	32.3005 3.7523	-11,1 -85	17555	-0.5	3.769	-0.5	
Shannon	96	1,3000		900 - 500	1,6090	1/9/3	1.8015	-1.1	1.6045	-1.1	1.615	-11	
South Africa	- 6	5,0415		40 - 400	5.0495	5.0305	6.0763	-4.3	5.130	-7.7	1.3057	-64	
South Young	(Man)	1384.50		S 700	1507.50	1379.00	9-91-09	-	04140		(Alternative)		
Taken	(12)	33,0215		100 - 270	23,0350	32,8960	33,0015	-85	33,2996	-25	33,6005	-1.8	
Theileri	86	30,4500		MI - 800	40.9508	37,7556	38,865	-17.5	40,325	-44	43.45		
1 SSR rate sale	5 for Apr 18, 8	dider these		Cast two plans							or 18 House		
Apr 10: Beer a	1900-1900-1	ID. Ball offer.	10 and 100	and Sound as	ne in both the	and the Sufe	This are A		THE MOUNTAIN	es ca	90		ú
The authorst o	and in the	-	or and the party of	to bloom it	oth Bear It	-							

			dollar	hav	en cu		8 5.	as safe											WAR.				
CROS	S RA	TES A	ND DI	ERIVA	TIVE	5													WORLD	WIER	ES}	RATE	9
EXCHA	NGE (CROSS	RAT	25			•												MONEY IN	ATES			
_	17	SFr	Diffe	Ter	Dec	R	L		Mb	<u> </u>	Pa	Bitte	\$Fr	£	13		Ŧ	Eps	Apr 17	Dec	Dine month	Three	1
Belgium Benmark	(DM) (DM) (EH)	100 54.12	18.48	15.24 8.789	4.847	1.040	4790 2592		20.11 10.88	496.5 296.7	411.5 222.7	20.82	4.017	1.501	3.835 2.075	2.881 1.451	363.1 191.1	2.442 1.322	Belgfags	3%	$\overline{}$	3%	
THE CO	(FFr)	81.57 20.63	11.38	10	2.984	1.183	2949	3,260	12.38	305.7	251.4	12.82	2473	0.980	2.381	1.651	217.A	1,504	meningo France	336	34 34	31	3
reland	EB EB	52.04	3.813 9.617	3.251 8.453	1 2.522	0.396	988.4 '8493	2.840	4.150 10.47	102.4 258.A	84.92 214.2	4.295 10.83	0.829 2.091	0.328 0.828	0.791	0.553	72.85	0.504	10000000	31 <u>6</u> 38 - 316 316	38	3	1
laly letherlenda		2.088	0.386 3.386	0.339 2.978	0.101	0.840	100 877.7	0.114	1.685	10.37 90.97	8.502 75.41	0.435 3.814	0.084	0.033 0.292	0.000	9.056 0.491	7,370 BA.60	0.051	Dermany weelage	3%	98 98 98 98 98 98 98 98 98 98 98 98 98 11 11	对 医	:
(CLASSIA) (CLASSIA)	(MC)	49.72	9.186 3.722	8.076 3.271	2.410 0.978	0.955 0.387	2382 964.8		10	246.9	204.6 82.80	10.35	1.988	0.791	1.907	1,333	175.6	1,214	Nedam Nedam	54 54 58 58 34 11/1	62	6% 598	- 4
pain	(Est) (Plus)	24.30	4.490	3.948	1.178	0.457	1164	1.326	4.951 4.898	100 120.6	100	5.008	0.809 0.976	0.321	0.772	0.540 0.651	71.11 85.78	0.492 0.593	Hedy	54	54	54	3
inteden interned	(SIG)	48.04	8.877 4.800	7.802 4.043	2.328 1.208	0.923	2301 1192	2.822	9.860 5.006	238.5 123.6	197.7	10 5.182	1.930	9.764 0.396	1.842	1.200	169.6 87.56	1.173 0.505	weekago Hetherlands	3 <u>4</u>	34	3%	44
ik Zanada	(2)	92.84 26.07	11.61	10.21	3.040	1_208	301B	3.430	12.64	3120	258.6	13.08	2.525	1	2410	1.685	221.9	1.535	veniago Suitzarinoi	3 <u>4</u>	34 11	31 <u>4</u> 13 <u>6</u>	3
SA		37,30	4.818 8.802	4.235 6.058	1.264	0.501 0.717	1249 1786	1.423 2.035	5.244 7.500	129.5	167.3	5.428 7.764	1.048	0,415	1.430	0,699	92.06 131.7	0.637 0.911	weelage	14	1	18	1
epen in	es C	28.32 40.94	5.234 7.586	4.601	1.373	0.544	1357	1.546	5.696 8.234	140.6	116.5	5.897 8.523	1.136	0.451	1,086	0,759 1,098	100 144.5	0.602	Westando	51 6 514	3	18 51 58 54	-
	anci Jane							Life and Per	_	442.6	100.3	9.323	1,043	U.OOK	1,010	1,000	(44.2)	<u> </u>	Japan weekags	-	-	16	
O MARK																			A LUMB BA	-			
	Open	Sett price	Change	High			Bet. vol	Open Inc.	Shiften	The state of	以差跡		15	Landa Lan	bonesi		FC8		interbank Fishing weakage	-	의 및	54 54	5
lun iap	0.5560 0.5660	0.5548 0.5574	-0.0000		8 9.5 4 6.5	543 2 574	20,096 238	89,491 2,713	Price		May	J.		Jal .	-		MS	M	MG Dollar CDs	_	3 <u>9</u> 5,42	3 <u>9</u> 8.45	5.
inc.	-	0.5599	-0.0009			500	270 37	57	1.80		1.59 1.14	21		2.55 2.14	1,43 1,80	2	22 74	281 137	weekago	-	5.44	8.44	ij
SUMMS PR	ANG PUTE	tes (Alley S	Fr 125,000	per SFr					1.700		0.78	13	54	1.74	2.53	_		-	POR Linkyd Da Wookago	_	44 44 34	44 14 24	-
un .	0.6697	0.5716	+0.0018		8 8.0	966 1	1,492	\$1,974	Produc	a siny'n sul	, (abb 33 1)	Naj 271 . P	HELL CONTRA	pan (#L, Co	as, 7,555 Pr	# 25,365			STATE CLASSICAL CONTRACTOR CONTRA	-	3% 3%	394 394	3
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un	0,7849	0.7647	-0.0004	_			3,688	BE_372	4.55		0.51	0.2		1.85	0.61	0.1		0.90 1.25	POUND		TUN	<u> </u>	п
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-			_	Trop	-				Des	i-cons	שמנו	enur.	7117HA	-	BAHR				1 mm 1.88	29	1.6895 1.6846	•	a
STREETING.				4 222					DET	W.AIM	IARK:	PUAE	nmm	ENIC I		ĕ IWo	Mentic	Year	1 yr 1.65		1.6964		_
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jig	1,8682	1.6864	-0,0064	1.986	1.90	160	34	53	Jamipa		9400 1907				36 +61 36 +61								_
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UK IN	TERES	ST RA	TES						-		91/80 69/07				18 -0.1 94 -0.1			+4.51	FUTURE	S	TO YET	~ Ym7	_
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treland Italy Hethertenda Horvey Portugal Spain Switzerland Lik Canada USA Jamen	38585555	52.04 2.088 18.32 49.72 20,14 24.30 48.04 34.89 62.84 26.07 37.30 28.32	8.617 0.386 3.386 9.189 9.722 4.460 5.677 4.900 11.61 4.818 6.892 5.224	0.339 0. 2.978 0. 8.078 2. 3.271 0. 3.946 1. 7.802 2. 4.043 1. 10.21 3. 4.235 1. 6.058 1.	322 (101 0.6 528 0.3 410 0.9 5978 0.3 178 0.4 0.5 0.4 0.5 0.4 0.5 0.4 0.5 0.7 0.7 0.5 0.7 0.7 0.5 0.7 0.7 0.5 0.7 0.7 0.7 0.7 0.5 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7	60 100 52 877.7 55 2362 87 964.8 57 1164 23 2301 78 1192 08 3010 01 1249 17 1786	2,840 0,114 1 2,714 1,099 1,326 2,622 1,358 3,430 1,423 2,035 1,546	10.A7 0.A29 3.695 10 4.951 4.896 9.860 5.006 12.84 5.244 7.500 1.696	258.4 10.37 90.97 246.9 100 120.6 236.5 123.6 312.0 129.5 185.2 140.6	214.2 8.592 75.41 204.8 82.80 100 197.7 102.4 258.6 107.3 1153.5 116.6	10.83 0.435 3.814 10.35 4.193 5.008 10 5.182 13.08 5.428 7.764 5.867	2.021 0.084 0.736 1.986 0.800 0.978 1.930 1 2.525 1.048 1.490 1.136	0.828 0.033 0.292 0.791 0.321 0.367 0.764 0.306 1 0.415 0.461	1.996 0.000 0.703 1.907 0.772 0.932 1.842 0.958 2.410 1	1.395 9.058 9.491 1.333 0.540 0.851 1.288 9.667 1.665 0.689 1	183.7 7.370 84.60 175.6 71.11 85.76 169.6 87.96 221.9 92.06 131.7	1,271 0,051 0,440 1,214 0,492 0,593 1,173 0,595 1,595 0,637 0,637 0,631 0,692
	Francii Pranc, i		7.566 TOM: 00 See 25,000 par 1	6.650 1.	984 0.7	87 1961	2.234	8.204 min per 100.	203.3	188.5	8.523	1.845	0.652	1,570	1,098	144.5	1
Jun	Open 0.5560	9st price 0.5548	-0.0009	High 0.5578	Low 9.5543	Est. vol 20,096	Open Inc. 89,491	State Price	LUB/I	U SE SE	- CAL	<u> </u>	anje per j		- 76	-	
Sep Dec M. dundo III	0.5680	0.5574	-0.0009 -0.0009 SFr 125,000	0.5594	0.5574	279 37	2,713 57	1.600 1.600 1.700		1.59 1.14 0.78	217 1.77 1.3	?	255 214 1.74	1.43 1.89 2.59	22	2	281 137
iun San	0.6697 0.6798	0.5716	+0.0018	0.6758	8.0000 0.0777	11,492	\$1,974 1,274	Produc		Cade 331 /h	#271.N	ns. Oly's ap	m (H., Cal	7, 23 5 Pag	29,366		
Dec	-	0.6848	+0.0019	0.8670 per Van 100	-	ĩ	17	State Price	MARKE	M E DA		2		per (Ma	- PIN		
lua .	Open 0.7849	0.7847	Change -0.000M	High 0.7692	Law 0.7825	Bat.vol 23.688	Open Int., BEL372	8.800 8.800		0.79 0.51	1.07	7	1.30 1.85	0.39 0.61 0.62	0.8	7	0.75 0.90
lep Ne	0.7750 0.7980	0.7747 0.7847	-0.0004 -0.0004	0.7870	0.7744 0.7845	119 50	1,573 242		niny's wil,	Cagle & Pale	0.50 385 - Pape.		0.20 Int., Cade S		1,1 E,191	1	1.26
kn STRILLIN	Tarana Tarana	1,6800 1,6800	500 per 2 -0.0084	1,8922	1.8780	P.865	4,83			ARK (BOVE	RNME	NT B	Day shg) W.S.	Month	Year
leg leg	1.5770 1.8682	1,6732	0.0064 0.0064	1,7000	1.6720	30 34	714 53	Appr 17		0400 1907	7.000					-4.00	
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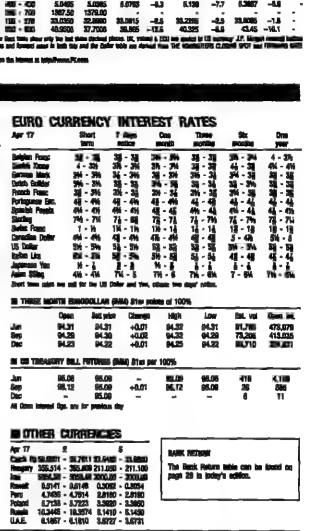
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NOMURA GLOBAL FUND R.C. Luxembourg B 34 075

Registered Office: 6, avenue Emile Reuter, L-2420 Luxembourg Notice is hereby given to the shareholders, that the ANNUAL GENERAL MEETING of shoreholders of NOMURA GLOBAL FUND will be held at the registered office on Monday May 4th 1998, at $3:00\ \text{p.m.}$ with the following agenda:

1. Submission of the reports of the board of directors and of the auditor.

2. Approval of the annual accounts and of the statement of operations as at December 31st 1997; appropriation of the results. 3. Discharge of the Directors and Auditors.

4. Statutory appointments. 5. Miscelloneous.

The shareholders are advised that no quorum is required for the trans on the agenda of the Annual General Meeting and that decisions will be taken on simple majority of the shares present or represented at the meeting.

In order to attend the meeting of NOMURA GLOBAL FUND the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the company or with NOMURA BANK (LUXEMBOURS) S.A., 6, overuse Emilie Reuter, Luxernbourg.

The Boord of Directors.



The FT GUIDE TO WORLD CURRENCIES, published in Monday's wspaper and covering over 200 currencies, is now available by dialting the ollowing number from the handset of your fix machine, 0891 437 001. lle are charged at 50p/min at all times. For more information or assist

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NOMURA ASIAN INFRASTRUCTURE FUND SICAV R.C. Lucembourg B 34 248 Ragistered Office : 6, prerior Emile Revent, L-2430 Luce

Notice is hereby given to the shareholders, that the ANNUAL GENERAL MEETING

of shareholders of NOMURA ASIAN INFRASTRUCTURE FUND will be hald at the registered office on Monday May 4th 1998, at 10:00 a.m. with the following agenda:

Submission of the reports of the board of directors and of the auditor.
 Approval of the annual accounts and of the statement of operations as at December 31st 1997; appropriation of the results.
 Discharge of the directors and auditor
 Statutory appointments.

The Shareholders are advised that no quantum is required for the items on the agenda of the annual general meeting and that decisions will be taken on simple majority of the shares present or represented at the meeting. In order to ottend the meeting of NOMURA ASIAN INFRASTRUCTURE FUND, SICAV the owners of better shares will have to deposit their shares five clear days before the meeting at the registered office of the company or with NOMURA BANK (LUXEMBOURG) S.A., 6 oversus Emile Resiter,

The Board of Directors

ABBEY NATIONAL

Abbey National Treasury Services plc (incorporated in England with limited ligibility, registered remiter 2336546)

Italian Lire 150,000,000,000 Guaranteed Capped Floating Rate Notes due 2001

Unconditionally and irrevocably guaranteed by Abbey National plc (Incorporated in England with Emitted Lebility, registered number 2294747)

NOTICE IS HEREBY GIVEN that for the Interest Period 17th April, 1998 to 17th July, 1998 the Rate of Interest has been fixed at 5.30078% per annum. The interest accruing for such three month period will be ITL 66,9% per ITL 5,000,000 Note and ITL 669,960 per ITL 50,000,000 Note.

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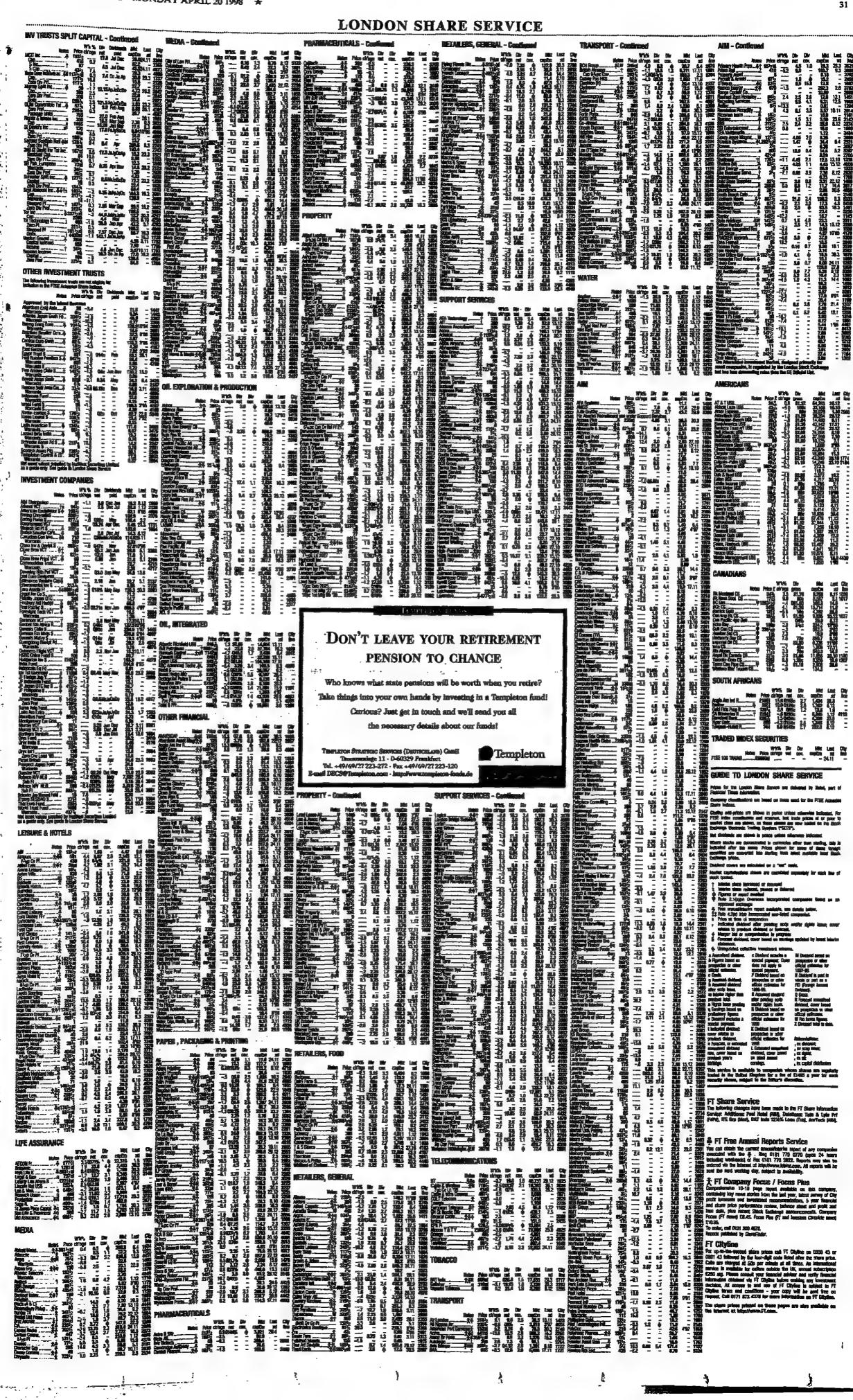
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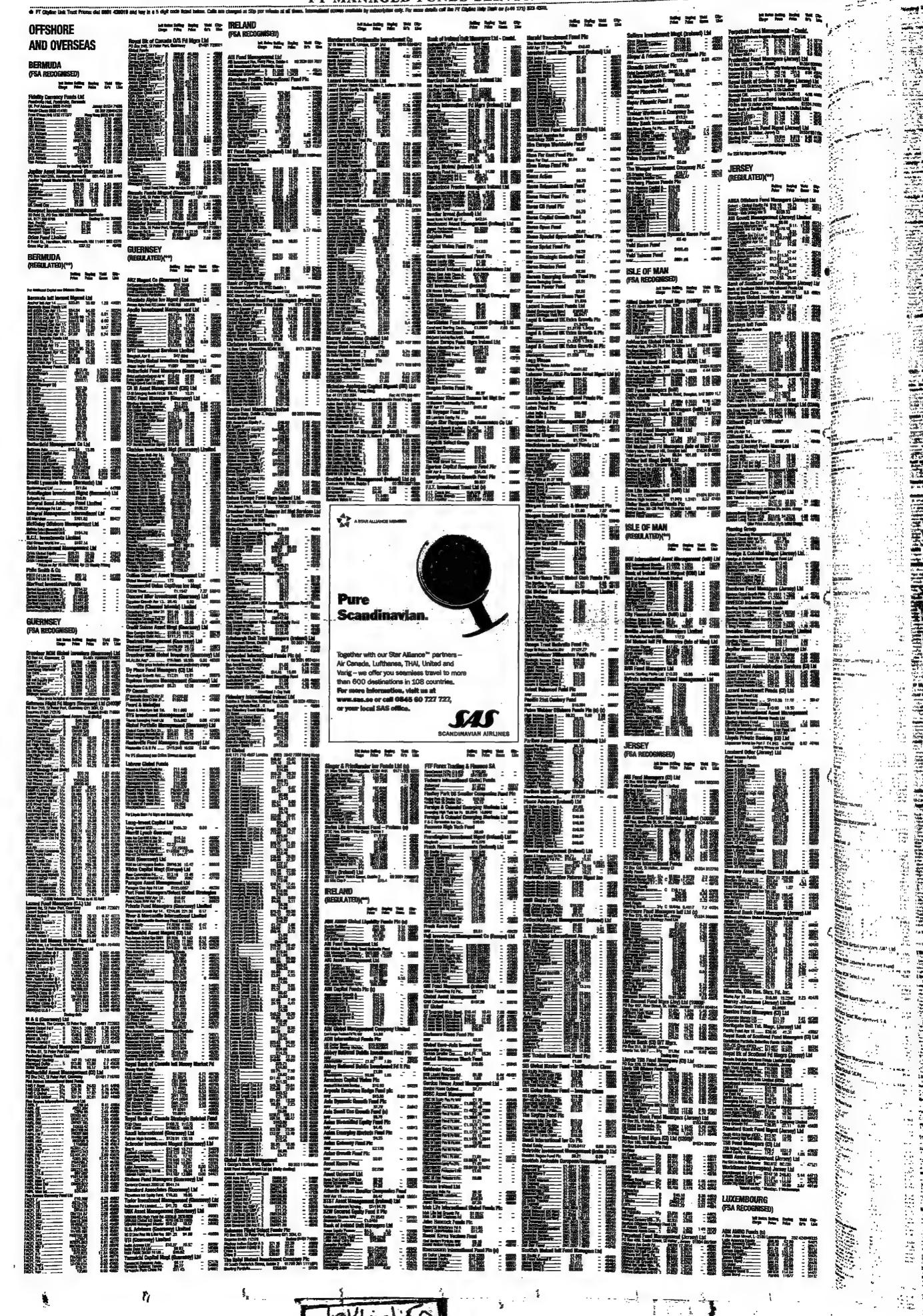


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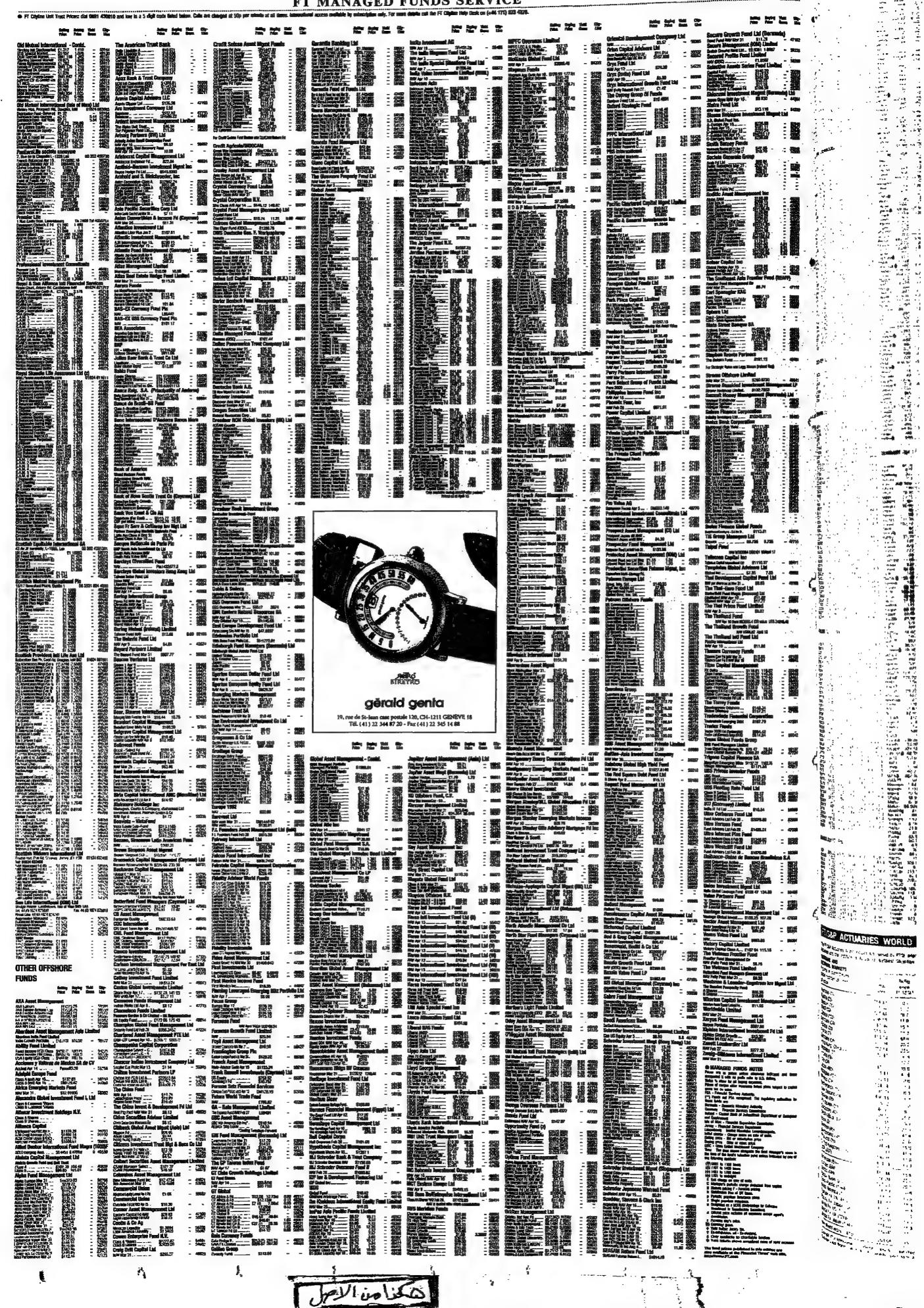


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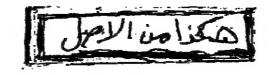
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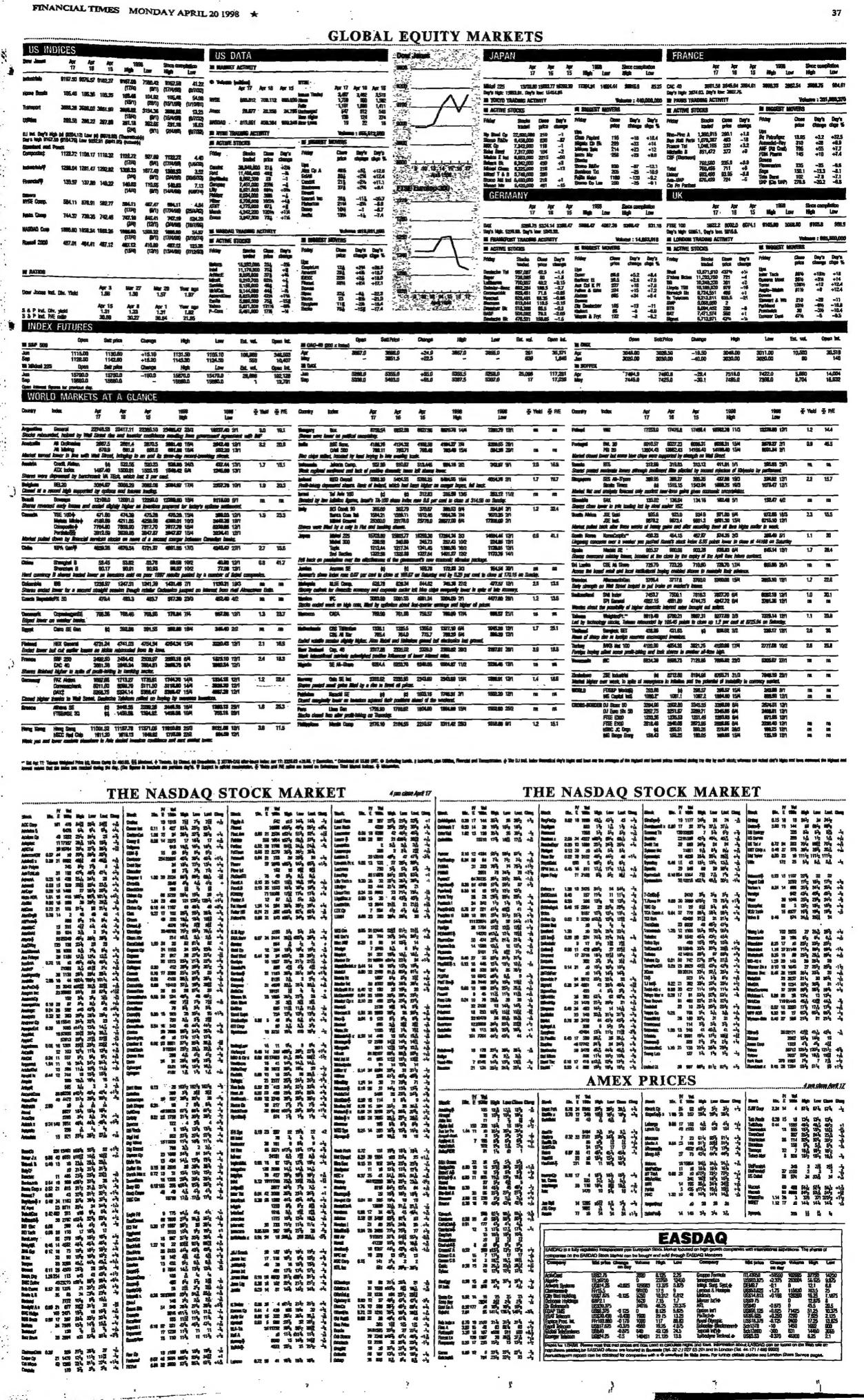
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FT GUIDE TO THE WEEK

MONDAY 20

Burning issue

United Nations experts meet for two days in Geneva to discuss the technical details of co-ordinating fire-fighting operations for Indonesia where, unless they can be doused, devastating forest fires are likely to burn until October, when seasonal monsoon rains are expected to put them out.

Banana batties

European Union farm ministers meeting in Luxembourg will continue efforts to garee on how the EU should modify its banana import regime to comply with World Trade Organisation rules. The WTO last year backed a complaint from the US and several Latin American countries that the EU unfairly discriminated against them and in favour of Caribbean banana-growers. Ministers will also discuss aspects of Common Agricultural Policy reform, including the plive oil and tobacco sectors.

Water delivery

The first of three large water balloons designed to bring relief to drought-plagued northern Cyprus are due



to arrive in Turkey where they will be filled with fresh water before being towed by tug to the Turkish enclave.

FT Survey Business Education

Holidays

Cyprus, Egypt, Belarus, Bulgaria, Greece, Moldova, Romania, Switzerland, Ukraine.

TUESDAY 21

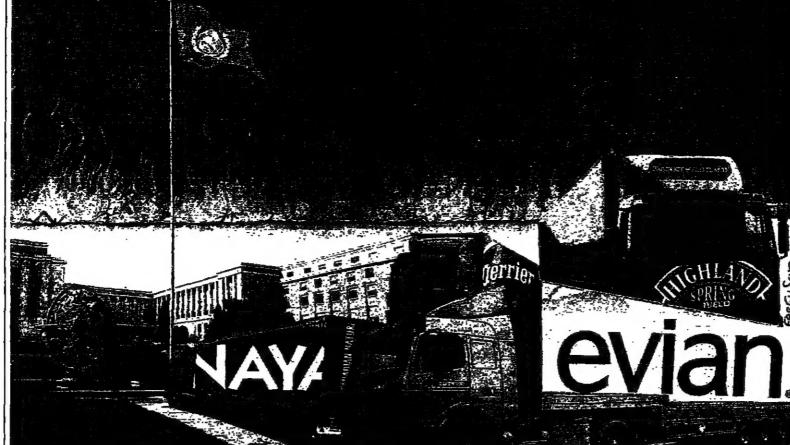
Introducing the euro

Finance ministers from the 15 European Union member states will discuss three recommendations from the European Commission on the practical aspects of introducing the euro at a meeting in Luxembourg. They will also have further discussions on German-Inspired plans to accelerate debt reduction and tighten budgetary discipline among the likely Emu-bloc countries. The Commission will present plans to speed up the creation of pan-European risk capital markets, and ministers will discuss possible belance of payments assistance to Bosnia Herzegovina and Albania.

Talking development

Other economic news

Business leaders gather with government officials at the United Nations in New York for two days of talks about how the private sector can best promote



United Nations experts gather in Geneva on Monday for two days of discussions on how to tackle the problem of forest fires in Indonesia

economic and social development while protecting the environment, particularly in developing countries. The dialogue, which will also involve trade unions and environmental groups, will be part of the two-week annual session of the UN Commission for Sustainable Development, established to track progress after the Rio Earth Summit. Among issues listed for discussion are environmental management systems standards such as ISO 14000, the promotion of eco-efficiency, the transfer and impact of new technologies, intellectual property rights and fresh

Chinese leader's visit

water management.

Chinese vice president Hu Jintao arrives in Japan for a six-day visit during which time he will meet Kelzo Obuchi, Japan's foreign minister, prime minister Ryutaro Hashimoto and other political leaders. He is also scheduled to meet Emperor. Akihito. This year marks the 20th anniversary of the Sino-Japanese Peace and Friendship Treaty and Mr Hu's visit is aimed at boosting diplomatic ties between the two countries. It also paves the way for the visit in the autumn of Chinese president Jiang Zemin. Mr Hu travels on to South Korea on Sunday.

Rwanda questions

A parliamentary committee investigating the role of the French military during the Rwanda genocide of 1994 hears stimony from Edouard Balladur, former

prime minister, and his defence and foreign ministers at the time, François Léctard and Alain Juppé.

French euro debate

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The French National Assembly embarks on a two day debate on the European currency and economic and monetary union. Attention will focus on the posi of the communists and whether they will continue to reject the common currency, despite being members of the government coefition.

FT Survey Queen's Awards.

Holidays Brazil, Romania,

WEDNESDAY 22

German jobs plan

The German cabinet is set to approve an action plan on unemployment. After its approval the plan will be sent to the Furnment Commission in Brussels as part of a Europe-wide programme to tackle joblessness started at the Luxembourg summit last year. Germany, three countries in the EU which missed last week's deadline for the aubmission of an action plan. The German plan is not

expected to signal a great departure from previously stated policy.

THURSDAY 23

Off the Mark

Germany's Bundestag, or lower house of parliament, is expected to give the go-ehead for the country's participation In the planned euro currency. The decision is symbolic because it involves Germany giving up the D-Mark, on which much of the country's post-war economic success has depended. The Bundestag debate follows reports from the Bundesbank and government on the

participation. Kosovo vote

Yugoslavia holds a national referendum to seek popular backing for the Beignade authorities' rejection of outside mediation in the crisis in the troubled province of Kosovo. The vote comes a day ahead of the deadline set by the peacekeeping

stability of the new currency. On Friday,

the Bundesrat, or second chamber, is

also expected to approve Germany's



forces for Belgrade to make progress towards a settlement with ethnic Athanians in Kosovo or

face sanctions.

Air space concession

Permission for international flights to enter North Korean-controlled air space is restored

Defence conference

Forum Europe holds a conference in Brussels on European defence procurement at which the agenda. includes cross-border rationalisation, Eastern enlargement, a 1998 EU action plan and a timetable of initiatives for the defence industry and the common defence procurement strategies for Europe. Contact Roberta Bonometti (322) 738 7594.

FT Surveys Korea, Reporting Britain.

Holidays

iceland, Turkey.

FRIDAY 24

The big three Swiss banks, the World Jewish Congress and lawyers for class-action plaintiffs who are suing

banks are scheduled to start the first round of talks at a venue still to be agreed on the settlement of outstanding claims dating from the Holocaust era.

CA GARAGES MANAGEMENT

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Jospin moves to

ifferences over

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Albright meets Plesu

Romania's foreign minister Andrei Plesu visits Washington where he will meet US secretary of state Madeleine Albright for talks almed at improving ties between their two countries.

FT Surveys

Investing in India. Asian Financial

Holidays Armenia.

SATURDAY 25

Military retreat Nigeria holds National Assembly elections under the timetable for a return to civilian rule announced by General Sani Abacha, the country's military ruler.

Darmstadt speech

German opposition Social Democratic . Party (SPD) chairman Oskar Lafontaine gives a speech at the Hesse region party conference in Darmstadt to decide on candidates for the September general election.

FT Survey Quarterly Review of Personal Finance

(UK editions only).

Holidays Australia, Italy, Egypt.

SUNDAY 26

Election test

The eastern German state of Saxony-Anhait goes to the polls today in what is seen as a crucial test of the popularity of the opposition Social Democratic Party ahead of a general election in September. Polls are showing the SPD and Gerhard Schröder, its new candidate for federal chancellor, with a strong lead, but also proving popular in the east is the formerly communist Party of Democratic Socialism. The nationally ruling Christian Democratic Union, victorious last time, is polling a poor third, and is likely to suffer another blow to its morale ahead of the general election.

Dam accord

Georgian president Eduard Shevardnedze is expected to visit Artvin, Turkey for a ground-breaking ceremony to open the Deriner dam and hydroelectric power

ECONOMIC DIARY

Monday: Japan's trade balance for March should remain well above the levels of surplus seen in 1997. February's trade surplus increased by 89 per cent. A similar rise in March will see increased pressure on Japan to boost domestic demand. Tuesday: The influential Ifo business climate index in Germany is still below the peak in sentiment last September, But March's index is still forecast to be consistent with good growth. Wednesday: The UK's March unemployment and underlying average earnings figures will be closely watched by the Bank of England. A new monthly measure for unemployment is introduced. with a fall from the previous 6.6 per cent level expected. Preliminary Italian inflation figures for April are likely to show a stable annual rate of 1.7 per cent, heralding a rate cut by the Bank of Italy. Friday: Final figures for French consumer prices

ley Islanced	Country	Economic Statistic	Median Forecast	Previous Actual	Day: Released	Country	Statistic .	Median Forecest	Previou Actual
Vion	UK	Mar public sector borrowing reg/ment	28.0bn	-£1.9bn		italy	Apr 11 cities consumer price index*	. 0.196	0.0%
Apr 20	Canada	Feb manufacturing new orders	0.9%	-0.8%	-	US .	Mar treasury budget	-\$15.0bn	-\$41.82
	Canada	Feb manufacturing shipments*	2.8%	-3.8%	Thurs	UK .	Mar retail sales"	0.5%	-1.2%
	Canada	Feb manufacturing I-S ratio	1.31	1.33	Apr 23	UK	Mar retail sales	4.4%	4.5%
Tues	Japan	Feb leading differential index		22.2%		US	Initial claims April 18	٠.	289k
Apr 21	Germany	Feb trade balance	DM11.0bn	DM6.3bn .	· · ·	US	State benefits April 11		2121k
	Germany	Feb current account	DM0,4bn	-DM13.1bn		Canada	Feb international securities trans'ns .	C\$2.1bn	C\$1.0b
	Germany	Mar Ifo West business climate index	98.7	96.7	FH .	Germany	"Mar producer price index"	0.0%	0.0%
	Germany	Mar Ifo West balance format		2.7	Apr 24	Germeny	Mer producer price index	0.7%	0.7%
	UK	Mar retaß price index*	0.3%	0.5%		France	Mar consumer price index final*	0.2% .	0.2%
	UK	Mar retail price index***	3.5%	3.4%	·	France	Mar consumer price index final*	0.8%	0.8%
	UK	Mar retail price index (ex mortgs)**	2.8%	2.6%		UK	O1 prei gross-domestic product***	0.5%	0.6%
	Canada	Feb wholesale trade†*	7.0%	-0.1%		UK.	Q1 prel gross domestic product** -	2.9%	2.9%
	Canada	Mar leading indicator*	0,4%	0.5%	.During t	he week			
	US	STM-Schroders April 18		0.5%		Септелу	Mar M3 from Q4 97 base	3.2%	2.8%
	Japan	Feb coincident index		20.0%		Germany	Mar M3 from Q4 96 base	4.3%	4.3%
Weds	France	Feb industrial production?"	0.5%	-0.9%		Germany	Mer private lending 6m annually	6.7%	8.5%
pr 22	France	Feb industrial production ex-energy*	0.6%	-1.1%		Japan 🐪	Mar supermarket sales*	· ·	-5.0%
	UK	Mr unemployment	-10k	-14k		Japan	Mar department store sales**		-6.6%
	UK	Jan average earnings revised	4.5%	4.50%	:	Germany	Mer import prices	-0.4%	-0.3%
	UK	Feb unit wages three months*	4.8%	4.6%		Germany	Mer import prices**	-0.3%	0,1%
	UK	Mar M4*	0.7%	0.6%		Japan .	Apr trade bal (first 10 days, nort)		Y94bn
	UK	Mar M4**	9.3%	9.7%		Germany	Apr prel cost of living west	0.4%	-0.2%
	UK	Mar M4 lending	£4,0bn	£10.20m		Germeny	Apr prel cost of living" west	1.6%	1.0%

Statistics to be released this week

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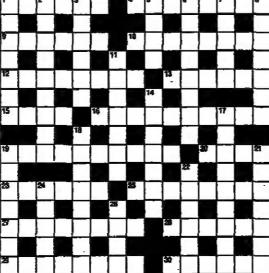
should confirm an annual

France's trade balance is also expected to remain healthy at

around FFr15bn, showing no impact from the Asian financial crisis.

increase of 0.8 per cent.

- 9 A site for a roadway (6) 10 Agreed that fellow politician hadn't told the truth
- 12 Restrict dangerous driver he's often flat out on the road (8) 13 He reviles a blockhead
- employer (6) 15 Close in and attack (4) 16 Studies hijacking plot (10) 19 One lacking a blooming
- partner? (10) 21 Flat race not completed (4) 23 Arms displayed in a hostile WAY! (6)
- 25 The last thing a crowd will do (8) 27 What old scholars often dipped into (8)
- 28 Man takes lead in play (6) Follower of the team getting the boot (8) 30 Absolutely denied involvement (6)
- 2 Circulatory system forcing one to walk to work (9)
- 3 The game is up it's admitted by employer charging excessive interest (6) 5 Flier without a single chart
- (4) 6 State of concern to the community at large (8) 7 Is about to compete with evergreen plants (5)
- Getting on in life (7)
 Scotsman going it alone:
 was he wise? (7) 14 His view of life is austere. one might say sour (7)
 17 Bill is hostile about raising
- it (9) 18 A cricketer's sick leave? 19 We sign for flags (7)
- Poverty led to being irri-tated (7) Odds on wet weather caus-22 ing injury (6) 24 Dirk upset about a point
- becomes annoyed (5)
 26 Smart boy that is raised in



Winner of Puzzle No.9,650: D. Caminer, London SW14.

MONDAY PRIZE CROSSWORD No.9,660 Set by DANTE

A magnum of Laurent Perrier Rost champagne for the first correct solution opened. This prize is available only to winners living in England. Scotland and Wales. Winners with overseas addresses will receive a stanless steel FT desk clock. Solutions by Thursday April 30, marked Monday Crossword 9,660 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday May 4. Please allow 26 days for delivery of prizes.

Solution 9,650

Addres



JOTTER PAD

plant on the two countries' border. Turkish president Suleyman Demirel and prime minister Mesut Yilmaz are also due to be present. Compiled by Roger Beale Fax 44 171 873 3196 Post of the process o Fee 11.50 16.79 16 h mar paled and | New panel | New 16.10 (15 10.00 (1.00 15.40 15.15 15.44



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